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Southeast Asia Report



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AUSTRALIA

FORUM'S ANTI-AMERICAN THRUST DISCUSSED

Sydney THE BULLETIN in English 19 Aug 86 pp 112, 113

[Article by Anthony McAdam: "Far-left Pacific Union Group Sets an Anti-American Course"]

[Text]

THE COINCIDENCE of the weekend South Pacific Forum meeting in Fiji and John Halfpenny's intimations of Senate ambitions should focus attention on a subject which has, up to now, received little media interest — Halfpenny's other forum and brainchild, the Pacific Trade Union Forum, recently renamed the Pacific Trade Union Community.

The community held its fourth conference in Auckland in May on the theme of the United Nations Year of Peace, enabling the organisers to concentrate on a "nuclear free and independent Pacific", a subject very much to the fore at the South Pacific Forum as delegates put the final touches to the protocols of the South Pacific Nuclear Free Zone Treaty to be sent to the five nuclear powers.

The treaty was clearly welcomed by the community as nuclear issues and the establishment of a Pacific nuclear free zone have been the main focus of its agenda from the beginning. Heart would also be taken from the news from Moscow last week that it supports the treaty, implying the Soviets will eventually sign the protocols.

The Reagan administration has, not unnaturally, expressed disquiet over the treaty given that, as one observer has put it, "even a drover's dog can see that it threatens the US Pacific fleet".

Peter Henderson, former secretary of the Department of Foreign Affairs, in a recent article in the journal *Defence 2000*, has commented: "Nor should we try to be too clever in encouraging the island governments to subscribe to treaties like the South Pacific Nuclear Free Zone Treaty, which is quite plainly not what it purports to be, and the mainspring of which is Australian domestic politics . . . We would have done rather better to have said openly to the island government that for overriding defence reasons, involving the maintenance of their own security as well as Australia's, the Americans need to be able to move their naval units freely around the South Pacific, whether or not those units are nuclear powered or nuclear armed, and that as much as we deplore French nuclear testing and any proposals emanating from Japan or the US to dump nuclear waste in the Pacific, a real nuclear free zone simply cannot be reconciled with our mutually shared interests. That at least would have been frank."

Henderson's suspicions are well grounded. In his keynote address to the Pacific Trade Union Community conference in Auckland, New Zealand Prime Minister David Lange made it abundantly clear what his idea of the treaty was. "The New Zealand government," he said, "takes the view that the

presence of nuclear weapons in the South Pacific is not needed for the defence of the region; more than that we see the presence of nuclear weapons as being dangerous to the stability and security of the region." Lange also exhorted the trade union delegates to return to their respective countries to work for a fully free nuclear South Pacific.

This must have been music to the ears of most of the delegates given that they were overwhelmingly from far-left anti-American unions. Eighty-eight delegates attended the conference, 28 from Australia and 25 from New Zealand, accounting for nearly two-thirds of the conference. New Zealand produced a united far-left delegation, including Jim Knox, president of the New Zealand Federation of Labor and Ken Douglas, the federation's secretary, both of whom are associated to pro-Soviet unions. The remainder came from the small Pacific island states. The Australian delegation included Halpenny of the Amalgamated Metal Workers Union, Ernie Boatwain of the Building Workers and Ray Hogan of the Miscellaneous Workers Union. Of the Australian delegates, no less than 22 belonged to the far left.

Observers attended from the Soviet-sponsored World Federation of Trade Unions, East Timor's Fretelin and from the Philippines May 1st Movement, widely believed to be a communist front.

On the Philippines, the conference moved to congratulate the May 1st Movement "for its leading role in the struggle to dismantle US

bases at Subic Bay and Clark Air Base" and endorsed its "opposition to the creation of any foreign military bases in the Philippines". Significantly, when Michael Easson, from the NSW Labor Council, tried to move an amendment pointing out there were other unions in the Philippines besides the May 1st Movement and that the issue should be left to the new Philippines government, the chairman, Jim Knox, brushed the intervention aside.

What the Pacific Trade Union Community conference demonstrated was the near monopoly of the far left in the sensitive area of Pacific trade unionism, with its obvious influence on Australia's foreign policy interests in the area. The strong presence of unionists affiliated with, or sympathetic to the Soviet-backed World Federation of Trade Unions, at the expense of the non-communist Confederation of Free Trade Unions, is also reflective of the confusion within the Australian Council of Trade Unions towards the Pacific Trade Union Community.

Whereas in the past the community relied heavily on the left-wing former ACTU assistant secretary Bill Richardson, the future direction of the community will depend very much on the lead given by the present ACTU leadership. So far the ACTU, particularly under Cliff Dolan's presidency, has restricted itself mainly to moral support; the question for the future is whether the ACTU is prepared to continue that support, and possibly even expand it to include financial assistance, if the Pacific Trade Union Community continues its far-left, anti-American course, a course so obviously at odds with the espoused foreign policy of Prime Minister Bob Hawke's government. □

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CSO: 4200/60

AUSTRALIA

PARTY URGES LOBBY TO COMBAT U.S. POLICY DEVELOPMENTS

Sydney THE AUSTRALIAN in English 15 Sep 86 p 2

[Article by David O'Reilly]

[Text]

THE Federal Government was yesterday urged to establish a special lobbying unit in Washington to combat United States political developments that damaged Australian trade, such as the recent Soviet wheat deal.

The Australian Democrats said a congressional "liaison service", with staff conversant with the local political process, could, for example, bring to the attention of the US defence lobby that Australia's capacity to purchase arms was influenced by other trade that earned US dollars.

As well, the party's spokesman on primary industry, Senator Michael Macklin, yesterday called for the Government to set up a special task force to examine the concept of a free-trade zone in the Pacific.

Addressing a seminar in Bendigo, Victoria, Senator Macklin said Australia had been too dismissive of the potential benefits of a zone encompassing Pacific-rim countries such as the five ASEAN nations, Japan, Korea and Hong Kong.

"A Pacific free-trade zone could provide Australia's farmers and manufacturers with access to 430 million consumers," he said.

"Moreover, it would provide member countries with enhanced bargaining power when dealing with the European Community and the United States.

"I would urge the Government to establish a special trade task force within the Prime Minister's Department to further develop the concept, and to map out a strategy for its implementation."

Allies

There were more than 70 congressional committees which, at one time or another, handled US legislation affecting agricultural exports.

"Add to this the capacity of congressmen to move pork-barrelling amendments to virtually any piece of legislation, and you can see there is enormous territory for Australia to cover if our agricultural interests are to be safeguarded," Senator Macklin said.

"The decision to sell subsidised wheat to the Russians, for instance, was via an amendment to a banking Bill.

"What should be of concern to Australia is that when Congress does act, there is virtually no institutional machinery of any kind within that body to ensure that the legitimate trade interests of America's allies are considered."

Senator Macklin said that the US Farm Bill was not once considered by a congressional committee with any expertise in either international trade or foreign relations.

"That is despite the enormous political and economic

consequences of the Farm Bill for countries like Australia, Canada, Argentina and Thailand.

"Against this background Australia simply doesn't have the fire-power on Capitol Hill to correct the myths about Australian agriculture.

"Congressmen believe that Australian farmers are as heavily subsidised as American farmers.

"For these reasons the Democrats believed the Federal Government had no choice but to establish a congressional liaison service in Washington.

"This would be staffed by 'crack' professionals who know the often convoluted congressional legislative process like the backs of their hands.

"The Australian congressional liaison service would also be able to tap into, and enlist, the aid of the powerful domestic defence contractors' lobby.

"Australia had defence contracts in the US worth \$11.5 billion which provided jobs in marginal congressional districts across the country.

"I am confident that a crack lobbying unit would be able to exploit this situation by drawing to the attention of congressmen and manufacturers, like McDonnell Douglas, that Australia's capacity to purchase armaments on our earning American dollars," Senator Macklin said.

AUSTRALIA

EDITORIAL SEES END OF 'IDYLL' IN PNG-USSR OVERTURES

Sydney THE AUSTRALIAN in English 31 Aug 86 p 14

[Editorial: "The Pacific Idyll Is Over for the West"]

[Text]

THE Papua New Guinea Government's decision to enter into negotiations with the Soviet Union is a startling reminder that the South Pacific is no longer a sea of tranquillity far from the political tempests which agitate most other parts of the world.

Although many of the South Pacific nations are so close to us, they have seemed to be so little involved in the issues that divide bigger and more powerful nations that they have attracted scant attention among Australians, other than as picturesque tourist resorts with modest commercial possibilities.

These idyllic days are over.

Other than during the war years from 1941 to 1945 the South-East Pacific has been a preserve of the West for well over a century. Even when most of the South Pacific islands graduated, usually in the most amicable circumstances, from their previous colonial status they continued to be friendly with their former rulers. The result was that the influence of the Western powers has until recently remained predominant, and the Soviet Union's ability to exert pressure virtually negligible.

Taken by itself, it is scarcely cause for panic that PNG has announced its intention to seek agreements granting fishing rights in its territorial waters

with the Soviet Union, and possibly with other countries.

But this event cannot be sensibly looked on in isolation, and when it is taken in conjunction with other developments in and relating to the region it must give legitimate grounds for concern.

A little over a year ago the Soviet Union entered into a fishing agreement with the Republic of Kiribati. This agreement allows Soviet ships access to Kiribati's exclusive economic zone.

Negotiations are now being carried on between the Soviets and Vanuatu which could result in a more comprehensive arrangement. Moscow is seeking on-shore facilities in Vanuatu in addition to fishing rights and an agreement on joint seabed research.

Displeasure

Despite Australian protests and Washington's evident displeasure, it seems that Father Lini's Government will not abandon its dealings with the Soviet Union and that an agreement will be signed, although the on-shore facilities sought by Moscow will probably not be included.

If PNG follows the course taken by its much smaller neighbours, it will mean that for the first time in its

history the Soviet Union will have a significant economic presence in the South Pacific. And it is not necessary to be a victim of paranoia to fear that the Soviet Government will not limit its activities to fishing once it has its employees and its vessels ensconced in the region.

The Government of Vanuatu has taken a militantly anti-Western position on several issues. It would probably have few, if any, reservations arising from the political implications of an economic deal with the Soviets.

But successive PNG governments have been committedly pro-Western. It is apparent from the statement of the PNG Foreign Minister, Mr Legu Vagi, that his Government's decision to make an approach to the Soviet Union was largely a consequence of its disappointment at the behaviour of Western countries.

"The Australians may be concerned," he said, "but the fact of the matter is we have to develop our marine resources and, if the Americans cannot come up with a realistic offer, we just have to look elsewhere."

"If the Australians choose to ask us not to negotiate with certain countries," Mr Vagi continued, "we might decide to ask them not to export uranium to France, and we also have things to say about their position in relation to the South Pacific Nuclear-Free Zone Treaty."

Growing rift

His comments indicate a growing rift between PNG and its former very close friends, but his words could have been much harsher. He did not refer to the cut in Australian aid to PNG foreshadowed in this year's Federal Budget. Nor did he point to the United States' long unwillingness to compromise with the small Pacific island nations over the question of American tuna fishing in their adjoining waters.

Mr Vagi made no mention of Washington's readiness to subsidise wheat sales to the Soviet Union so soon after berating these tiny States for contemplating economic dealings with that same Soviet Union.

Thus Western indifference towards the South Pacific has become manifest at the same time as the Soviet Government has shown a remarkable increase in interest in the region. There is a large volume of compelling evidence that there has recently been a significant build-up of Soviet military strength in the Soviet Far East and, much closer to us, in Cam Ranh Bay in Vietnam.

In a speech which he gave in the Pacific seaport of Vladivostok only a month ago, Mr Gorbachev insisted that the Soviet Union was an Asian power. He gave specific attention to the South Pacific, to political developments in New Zealand and to the proposals for a nuclear-free zone, which, as would be expected, he endorsed.

The Soviets would have a long way to go before they could seriously rival the West as a force in the South Pacific. But they have begun their move and, if past experience is any guide, it is likely that their growing economic and social difficulties will spur them rather than discourage them from foreign adventures.

This might not have been the best time for this country to embrace Mr Dobb's doctrine that we face no threat for the next 10 years. It is certainly not a good time for the US or Australia to indicate to the people of the South Pacific that their economic problems do not concern us or that they should make sacrifices in the cause of anti-communist purity which we are better able to afford but not willing to make ourselves.

It would require only a little effort on the part of the democracies to secure the region's peace and security. If we do not make that effort the cost to us could be enormous.

AUSTRALIA

HAYDEN RULES OUT IRIAN JAYAN REFUGEE AID

Sydney THE AUSTRALIAN in English 15 Sep 86 p 3

[Article by Craig Skehan]

[Text]

AUSTRALIA has indicated that it is not willing to help finance a \$4.5 million plan to resettle Irian Javan refugees within Papua New Guinea.

A direct request for assistance was put to the Minister for Foreign Affairs, Mr Hayden, last week while he was holding talks on aid with the PNG Government.

The office of the United Nations High Commission for Refugees (UNHCR) has expressed the "hope" that Australia would help bear the cost.

But Mr Hayden yesterday said Australia would have already put in about \$4 million for refugee upkeep by the end of this year.

Australia's budgetary situation did not allow for funding resettlement as well, Mr Hayden said.

He said the UNHCR still had reservations about internal resettlement within PNG until all options for voluntary repatriation had been exhausted.

This assessment by Mr Hayden could prove embarrassing to the UNHCR, because of its promise to the PNG Government to fund resettlement.

Mr Hayden said Australia supported moves by the United Nations to secure Indonesian agreement to an International Red Cross presence in Irian Jaya.

The proposal is aimed at providing an independent body to monitor voluntary repatriation.

Efforts

This would hopefully ease fears that people going home could face retribution for their opposition to Indonesian rule in Irian Jaya.

While confirming that Australia supported the idea, Mr Hayden said Australia's efforts on the matter had been done "very much discreetly".

"I have, I can say, raised the possible role of the Red Cross in Irian Jaya with Indonesian authorities when I was last there," Mr Hayden told a press conference yesterday.

"The feeling on the part of the Indonesian authorities was that we were proposing some outside authority to intrude into their country, into their areas of sovereign authority, and to monitor what they were doing."

"Their feeling was that this was a reflection on their ability to conduct their own affairs."

Mr Hayden said that having raised the issue once, he would now have to leave it to the UN and others to pursue.

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CSO: 4200/69

AUSTRALIA

FRENCH TERRITORIAL DIVISIONS IN CALEDONIA SUPPORTED

Sydney THE AUSTRALIAN in English 29 Aug 86 p 10

[Editorial: "Rejecting Racism in New Caledonia"]

[Text]

THE visit of the French Prime Minister, Mr Chirac, to New Caledonia is an indication of the French Government's eagerness to show its solidarity with those inhabitants of the Territory who wish to retain their constitutional link with France. Since the Chirac Cabinet has been in office there has been a distinct shift of emphasis in government policy.

It appeared that the previous socialist government was able to contemplate, however reluctantly, the prospect of New Caledonia becoming independent even if a majority of the inhabitants were opposed to separation from France.

This is the only possible explanation for its division of the Territory into four regions, of which one, easily the most populous and centred on Noumea, contains most of the non-Melanesian population while the remaining three relatively sparsely populated regions each has a Melanesian majority.

Political divisions in New Caledonia do not strictly follow ethnic lines. Indeed, a substantial minority of Kanaks oppose the independence movement. None the less, the result of the socialists' otherwise inexplicable electoral apportionment is that three

of the four territorial assemblies have independentist majorities, whereas they are in the minority in the Territorial Assembly that had previously been the sole legislative body in New Caledonia.

It seems certain that the regional councils will have no significant role while the present French Government remains in office and that the Territorial Assembly will regain most, if not all, of its former authority.

This change will be resisted by the Kanak Socialist National Liberation Front (FLNKS), the principal standard-bearer of the independence movement. But the FLNKS will be even more antagonistic if Mr Chirac announces, as it seems he is likely to do, that a referendum will be held in the middle of next year on the Territory's future constitutional status, in which all residents other than transients will be eligible to vote and the result of which the Government has committed itself to accept.

The FLNKS, despite its anti-colonialist pretensions, adheres to a policy which can fairly be described as racist. It claims that only the Melanesian minority, some 43 per cent of the total population, with perhaps the addition of second-generation

inhabitants of immigrant ancestry, should be allowed to take part in the ballot.

Mr Chirac, and President Mitterrand has previously indicated that he agrees with him, has rejected this proposal as undemocratic and contrary to the basic principles of the multi-cultural French community.

Although the Federal Government now shows a much more benign attitude towards France, Australia has had good reason to object to aspects of French behaviour in the Pacific. But on the question of New Caledonia's right to self-determination the French Government is abiding by sound democratic precepts, and this ought to be recognised by New Caledonia's neighbours.

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CSO: 4200/60

AUSTRALIA

FEDERAL TREASURER CONCEDES MAY 87 SPENDING CUTS LIKELY

Sydney THE AUSTRALIAN in English 15 Sep 86 pp 1, 2

[Article by David O'Reilly]

[Text]

THE Federal Treasurer, Mr Keating, yesterday conceded that an economic statement may be needed in May to introduce early Budget spending cuts in 1987.

After a week of confusion about the Government's intentions, Mr Keating insisted that a "statement of changes for outlays" was the appropriate way to describe such a statement.

His remarks follow comments by the Minister for Industry, Technology and Commerce, Senator Button, suggesting the Government should consider introducing a new round of spending cuts in a special statement either later this year or early in 1987.

The following day it was reported that Mr Keating had given no thought to such a statement and, under apparent criticism from within the Government, Senator Button emphasised his support for the settings of the 1986-87 Budget and said he was expressing a personal view.

Comprehend

The Prime Minister, Mr Hawke, said this year's Budget had been appropriate but could not be pinned down on the question of further cuts in advance of next year's Budget.

The Minister for Finance, Senator Walsh, fuelled the debate by saying the Government may need to take further action early next year.

Mr Keating said on the Channel Nine program Sunday that it was a shame

people did not comprehend the difference between the term mini-Budget and "a statement of changes for outlays for the ensuing Budget".

He said such a statement was a possibility every year.

"We start the Budget in about February or March and obviously if we leave the outlays changes to August or November the clock is not running the full 12 months and the savings are diminished," he said.

"It is sometimes useful to make the changes and announce them ahead of July 1 so that the clock is running for the full 12 months - that is what Peter Walsh is speaking of.

"He's saying for the next Budget - even though this Budget pulls the deficit down in a very large way and there is always some natural growth in the budget - next year we will probably have to look at savings options.

"We will start at our normal time and it may be opportune for us to look at a statement of measures for July 1 starts.

"But that's not a change to fiscal policy as the expression 'mini-Budget' implies (it) looks like (present) budgetary policy is wrong and you have to change it," Mr Keating said.

Special economic statements were options exercised twice before by the Government and it was really not much of an issue.

But asked if his concession were a turnaround from the Government's position last week, Mr Keating said: "None whatsoever - nothing at all.

"What I'm saying is, I get asked a question do we need a mini-Budget - in other words is this Budget inadequate?"

"And the answer I gave was no, this Budget is as tight as a drum with outlays growth to zero.

"It is a bit of mischief in parts of the media to be running around trying to label the notion that we ought to consider that start on next year's savings task and perhaps announce some measures as a mini-Budget implying a change to this year's fiscal policy.

"It doesn't," Mr Keating said.

The Leader of the Federal Opposition, Mr Howard, leapt on Mr Keating's remarks as a virtual admission that the 1986 Budget had "died in its infancy" and that the Government needed a May mini-Budget to cut spending.

"This Government has not had the guts to make real cuts in spending," Mr Howard said.

/12828

CSO: 4200/69

AUSTRALIA

FINANCE MINISTER ON FAILURE OF GROWTH STRATEGY

Sydney THE AUSTRALIAN in English 29 Aug 86 p 2

[Article by Peter Logue]

[Text]

THE high growth strategy pursued by the Hawke Government during its term of office had always been fraught with a degree of risk, the federal Finance Minister, Senator Walsh, admitted yesterday.

But he blamed the failure of the policy on the international commodity price slump, which had "kicked (it) in the guts".

Speaking at the Hobart Chamber of Commerce, Senator Walsh said the slump had given the Government no alternative but to "step back" from its expansionary macro-economic policies.

Arguing that Australia needed a year of economic consolidation, Senator Walsh said the country should reassure creditors that it was committed to "paying its way in the world".

"The importance of this... should not be underestimated," he said, acknowledging the criticism of some analysts who have claimed the Budget was aimed at foreign exchange markets rather than the demands of the domestic economy.

"The truth is, you cannot separate the two," Senator Walsh said.

Resources

During 1986-87 Australia was expected to experience its first full year of the effects of the fall in terms of trade. Since June 30 there had been another decline in world commodity prices, and the Government was anticipating yet more before the market stabilised.

Senator Walsh said the country had been obliged to service those debts accumulated during the "resources boom" years of the Fraser government, as well as cope with a surge of imports.

On the subject of the current account deficit, the minister said the Government expected the 1986-87 figure to amount to about \$14 billion.

"We need \$14 billion worth of bridging finance to see us through our year of consolidating the domestic employment gains of the past three years, and of developing the internationally competitive manufacturing sector, for which the (prices and incomes) accord and the devaluation of the Australian dollar has paved the way and to which we must look for sustainable economic growth in the future," he said.

Senator Walsh rejected the idea that there had been a

lack of consistency in framing a Budget with an eye on both the demands of overseas creditors and domestic economic requirements.

"The individual who needs bridging finance cannot afford to thumb his nose at his creditors, or kick his bankers in the shins," he said. "Nor, as a community, can we."

Senator Walsh strongly defended the role of the prices and incomes accord, saying that, like old age, it was more attractive than its alternative.

Unemployment

When the Leader of the Opposition, Mr Howard, was treasurer, he said, the centralised wage-fixing system was abandoned during a short-lived period of relatively high economic growth, but this was followed by a wages explosion, with real wages rising by 2 per cent in 1981 and 3 per cent the following year.

"During the three years 1982 to 1985, a period of high and

sustained economic growth and falling unemployment, average nominal wage rates increased by 16.9 per cent, but real wage rates fell by 3.1 per cent," Senator Walsh said.

Real wages have fallen again this year.

During those years, real unit labour costs and industrial disputes fell to their lowest level since the late 1960s.

"There is no precedent in Australian economic history for that outcome," Senator Walsh said.

"The critical element in the delivery of that outcome is the existence of the accord and the economic realism of the senior leadership of the ACTU."

The minister reserved his harshest words for those who claimed that the accord had done nothing but encourage higher wages.

"(People) who assert that the accord has facilitated higher wage outcomes are profoundly ignorant either of the facts or the realities of the Australian labour market," he said.

AUSTRALIA

ISLAND WORKERS QUIT IN LAYOFF STRUGGLE

Sydney THE AUSTRALIAN in English 29 Aug 86 pp 1, 2

[Article by Mike Seccombe]

[Text]

ALMOST the entire work-force of Christmas Island, Australia's smallest territory, has resigned from its only industry, a government-run phosphate mine, because the Federal Government will not allow the workers to take a pay cut.

The Christmas Island Workers Union (CIWU), which represents 550 workers at the mine, had sought a pay cut of 25 to 30 per cent across-the-board as an alternative to redundancy to 150 of its members.

The bizarre industrial dispute began after the company, the Phosphate Mining Corporation of Christmas Island, retrenched the workers on August 15.

When the company's management, the Government and the ACTU all rejected the pay-cut proposal, under which the same total wage bill would have been redistributed among all the island's workers, all but seven employees resigned.

Their resignations were submitted on August 22 and will

take effect from September 22 if no agreement is reached.

The secretary of the CIWU, Mr Gordon Bennett, who was in Canberra yesterday to lobby the Government for a change of heart, said not only an industrial issue was at stake, but also the whole fabric of the island community.

Mr Bennett made the trip in spite of a telex from the Minister for Territories, Mr Scholes, warning him that a visit would be a waste of time and money.

The telex said the matter of the redundancies was "not negotiable".

It also said subsidies for the operations on Christmas Island would not exceed \$4.5 million, and that union demands for the corporation's management to be dismissed would not be met.

Nor would there be any re-organisation of the mining industry to allow the Christmas Island Assembly any say in the running of the operation.

Mr Scholes' telex said failure to agree to the redundancies could force the closure of the mine, and put future alternative industries on the island in jeopardy.

The ACTU also urged the CIWU to go along with the redundancies.

The island's population of 2400, 90 per cent of whom are of Chinese or Malay origin, are Australian citizens or residents and are dependent on the mine for their livelihoods.

Christmas Island's phosphate reserve, a legacy of guano (excrement) from the sea birds that have bred there, are almost exhausted.

"We only seek the wage reductions to allow the 150 workers and their families to continue to be employed on the island until alternative types of work are available," Mr Bennett said.

The main hope for future employment lies in the proposed building of a hotel-casino by a West Australian property trust within the next two years.

/9317
CSO: 4200/60

AUSTRALIA

RIVAL FIRMS JOIN BHP BOARD IN CORPORATE RAIDING TRUCE

Sydney THE AUSTRALIAN in English 16 Sep 86 p 14

[Article by Russell Grimmer and Rowena Stretton]

[Text]

AUSTRALIA'S most colourful corporate battle has been resolved - for the time being - with the BHP suitor, Mr Robert H James a Court, and the Elders IXL Ltd chairman, Mr John Elliott, joining the BHP board.

An agreement, carved out of months of intense discussions, preserves the status quo of BHP's two largest shareholders: Elder IXL with 18.6 per cent and Mr Holmes a Court's Bell Resources Ltd with 28.5 per cent.

But it does not prevent Mr Holmes a Court or Mr Elliott making a bid for the rest of the Big Australian.

Mr Holmes a Court, in particular, did not rule out a bid, saying he had "no intention at this time of taking control of BHP".

In a historic press conference in the crowded confines of BHP's basement in Melbourne yesterday, the four key players addressed each other on first name terms and mutually supported each other's statements that the agreement meant stability for BHP and was "in the best interest of shareholders".

The BHP chairman, Sir James Balderstone, sitting alongside BHP's managing director, Mr Brian Loton, officially welcomed Mr Elliott and Mr Holmes a Court as fellow directors following their appointment at a BHP board meeting yesterday morning.

The only party left out in the cold by yesterday's announcements is Mr Alan Hawkin's Equiticorp Tasman Ltd, which bought 5 per cent of BHP at the height of Bell's bid for BHP with the aim of selling it to either Mr Elliott or Mr Holmes a Court to tip the balance of power.

Under the agreement, Elders can lift its stake in BHP by 1.4 per cent to 20 per cent and Mr Holmes a Court by 1.5 per cent to reach 30 per cent with no strings attached.

But underpinning the agreement is a commitment by Elders and Bell not to raise their stakes further than this unless:

THEY obtain the consent of BHP shareholders at a general meeting;

THEY make a full cash bid;

EITHER obtains the consent of BHP shareholders at a general meeting;

EITHER makes a full cash bid with 50 per cent minimum acceptance condition (which means neither party can bid without the other's approval);

EITHER accepts a takeover offer for BHP by a third party.

The agreement also regulates the parties' sales of BHP shares, preventing sales without consultation with the BHP board and prohibiting the sale of more than 5 per cent to one party.

A separate but mirror agreement also has been made between Elders and BHP to regulate their cross-shareholdings.

In a significant defensive move, Mr Elliott has his words "protected Elders' back

door" against the possibility of Bell gaining control of Elders if Mr Holmes a Court makes a bid for BHP.

This takes the form of an alteration to the BHP-Elders cross-shareholding agreement under which BHP acquired \$1 billion of preference shares in BHP in April this year.

Under the revised agreement, BHP has granted APP Investment Corp Ltd an option to buy the preference shares and related options at any time.

Mr Loton emphasised that the agreement allowed each of the three companies to operate independently.

Asked if that included share trading, Mr Loton said he would prefer Mr Holmes a Court and Mr Elliott to answer the question.

Mr Elliott said he did not see the agreement as limiting Elders at all "but I don't know what Robert thinks".

"The thing that it has done is, in fact, stop Bell and Elders joining together to take control of BHP without providing an opportunity for all shareholders to get the benefit.

"We were perfectly happy to agree with it," Mr Elliott said.

"The bid will have no effect on Elder's moves in the United Kingdom because our preference capital remains intact.

The BHP shareholding remains intact and the only thing that is transferred is the future convertibility of the options.

Our position has not changed and we are going to London tomorrow night to start

worrying them again." Mr Elliot said in reference to Elders' takeover ambitions toward the UK brewer, Allied-Lions Plc.

Mr Holmes a Court said it was set out in his letter to Sir James and in the agreement that Bell reserved the right to buy and sell BHP shares within a narrow band.

"This will be constrained by the rules of insider trading. We've undertaken to do so only with the prior knowledge and consultation with the board of BHP," Mr Holmes a Court said.

"I might emphasise that our previous trading in BHP shares was actually a way of increasing our holding.

"Now that purpose is gone and we won't be doing that," he said.

"It's not Bell's intention to be trading in a substantial way in BHP shares," he said.

Mr Holmes a Court said he had been careful to ensure the agreement restrictions in no way reduced the value of Bell's shareholding.

"I don't believe it does - I believe it represents a sensible compromise between negotiability on our part and some degree of certainty on BHP's part as to what's going to happen to large blocks of shares on its register."

Mr Holmes a Court said the agreement with BHP and Elders was totally disconnected with his interest in the United States steel giant, USX.

Mr Loton said the turning point in the negotiations came when the BHP board and other boards came to an agreement yesterday.

"The BHP and Elders boards met today but I think Mr Holmes a Court made other arrangements," Mr Loton said.

FIJI

FIJI LABOR PARTY STRATEGY, GOALS OUTLINED

HK070811 Auckland THE NEW ZEALAND HERALD in English 26 Sep 86 p 6

[Article by political reporter Andrew Stone]

[Text] A new political party is trying to achieve the impossible: win power within 2 years of being formed.

The Fiji Labour Party was established in July last year. It has four members in the 52-seat Fiji Parliament--all MP's from other parties who defected to its ranks.

Its strategists are drafting plans to upset the unbroken 16-year rule of Ratu Sir Kamisese Mara and his Alliance Party. Compared with the conservative and paternalistic stamp of Mara politics, the Labour agenda is brash and radical.

Features of its policies include a fifth anti-nuclear line which would ban warship visits, nationalisation of two big mines, attacks on corruption and electoral fraud and land reform.

Ratu Mara has led Fiji since the former British colony gained independence in 1970. His style of leadership is described as firm and autocratic, characteristics which have fostered discontent in poorer sections of the community and within organised labour ranks.

Labour has tapped support from these sectors as well as hard-pressed rural workers limping along in the wake of a drought in 1983, two cyclones last year and depressed world commodity prices for key Fiji exports such as sugar and coconut products.

Its formation also has been helped by the performance of the main opposition, the Indian-oriented National Federation Party [NFP]. The NFP has been racked by internal strife and leadership problems.

Pivotal Labour organisers are now talking about an expedient coalition with the NFP in a calculated bid to topple Ratu Mara at the election due next year.

The Mara regime treats the rise of Labour cautiously. It has cut overseas travel by ministers and spent more time visiting remote areas.

Fijian politics are a complex mix of race, tradition and land. Voting follows ethnic lines--Fijians tend to back Ratu Mara and his alliance machine, Indians plump for the NFP, and the balance, people of Asian or European descent, have cast support for so-called "part-Europeans."

Fiji's constitution is constructed to accommodate the racial melting pot. In the 52-seat House of Representatives, 27 seats are set aside as communal electorates. Twelve of these are decided by people the state classifies as "Fijians," 12 by "Indians" and three by "part-Europeans."

The number of communal seats approximates the size of each population category. Of the 690,000 population, 290,000 are Melanesian or Polynesian, 320,000 are Indians and the balance are Chinese, European and other island groups.

Defenders of the system say it has kept the lid on the racial stew. But it has also entrenched race lines.

The Fiji Labour Party proclaims itself a "multi-racial" organisation and its espousal of non-racial, class appeal has introduced a new dimension to Fiji politics.

Voters have responded to its arrival--a Labour council now runs Suva, the capital--but it is not yet clear whether the attraction is its novelty or its notions.

Launched with a trade union base, Labour officials now claim support has broadened. They say membership is between 5,000 and 6,000, with branches in most electorates.

The man widely regarded as the party's key political strategist is Mr Machendra Chaudhry, the assistant secretary-general and for 15 years the general secretary of the Fiji Public Service Association. He was prominent in the party's formation and last year missed by 204 votes a seat in Parliament in a close-run byelection.

According to Mr Chaudhry, Labour formed out of a mounting feeling that the Mara Government was insensitive to broad sections of the community. On top of this apparent drift, a wage freeze was squeezing workers while firms continued to build up profits.

"All these things were happening--the worsening economic scene, unemployment, rising unemployment, rising crime, corruption. We could easily see the best time was being had by a select group of businessmen and some government ministers," Mr Chaudhry said.

He described one group of business chiefs as "the fruit salad club" who had done well from close government contact. Contracts, licences and concessions had been handed out to the privileged.

A Labour Government would attack corruption, he said, and return confidence to public administration.

Mr Chaudhry said the new party was drawing support across the community.

"Fiji has progressed since independence but so has the gap between the haves and have-nots. Progress has been unequal. Basic things like housing and health care have deteriorated."

He described Labour's prescription for Fiji's ills--16 percent unemployment on unofficial figures, a battered economy--as democratic socialism.

Land reform and the nationalisation of two mines were part of its recipe for change. The mines policy had drawn expected flak but the record of the two firms showed gross exploitation of workers akin to conditions in South African diggings, he claimed.

"Companies which are not exploiting workers have nothing to fear," he said.

"We are saying employers must treat workers fairly. There are a lot of sweat shops in this country."

Mr Chaudhry said Labour believed Fiji would benefit from a lot more local investment and ownership in its resources.

Land reform would make Fiji's soils more productive, he said. A lot of land lay idle or underused and new arrangement for its tenure could boost output and create jobs.

It was also a way to approach the long-running dispute over land ownership laws which excluded Indians from owning native lands.

Jobs in the tourist industry held by expatriates could just as easily be done by Fijians.

"When we become too dependent on people from abroad, they start dictating terms. They hold you to ransom. Local ownership means you can feel a lot more comfortable without the threat of their pulling out if you don't toe the line. It also means the encouragement of local skills."

He emphasised that private enterprise was not on the block under a future Labour administration.

"We are not talking about chasing the private sector out. But my own view is that a lot can be done in terms of sharing wealth and power."

On its anti-nuclear policy, Mr Chaudhry said: "If you really believe in a nuclear-free Pacific, then how can you allow these ships in?"

"We don't believe in courting one superpower against another. We have (?principles). The people here believe in democracy. They are not communists.

"The government tries to say we are influenced by the communist but they try to spread this bogey because they cannot attack us with anything else.

"And they talk in the same breath about doing fishing deals with the Soviets--you can see how things change when they are under pressure."

It has less than a year to prepare for the polls. Lessons have been absorbed from Labour machines in South Australia and New Zealand, where Mr Chaudhry also has learned from unions.

"We will be ready," he said.

"Mara and his government have been in for too long. They are no longer sensitive to the people and this is where they have failed."

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CSO: 4200/50

LAOS

SRV DAILY ON HANOI AID TO VIENTIANE

Hanoi NHAN DAN in Vietnamese 16 Aug 86 p 2

[Vietnamese-Lao-Cambodian Fraternal Solidarity column: "Hanoi-Vientiane Cooperation"]

[Text] The relationship of brotherly cooperation between Hanoi and Vientiane, which began in 1978, has expanded constantly and is growing deeper and deeper. This has brought practical results and supported construction and helped improve the standard of living in the capitals of the two countries. This has also made an important contribution to strengthening the solidarity, special friendship, and all-round cooperation between the two parties and peoples of Vietnam and fraternal Laos.

During the period 1978-1983, cooperation between the two capitals gradually moved from exchanging groups of observers, exchanging ideas, providing specialists, receiving people in need of medical treatment, and training cadres and technical workers to providing equipment and technical help and building industrial and handicrafts projects. During that period, Hanoi satisfied its friend's need for specialists, trained hundreds of Lao technical workers and management cadres in Hanoi, and received Lao cadres who needed medical treatment. Hanoi helped its neighbor build projects. It supplied equipment, helped install it, and provided guidance in running a number of production installations. Among those are the Vientiane Brick and Tile Enterprise, which has a capacity of 5 million bricks and 2 million tiles a year; two sugar mills; and two weaving shops. It also helped solve a number of problems in production, such as techniques in firing pottery kilns and in producing chalk and liquor, and provided equipment for the Vientiane Machinery and Agricultural Implements Plant.

From 1984 to the present, this cooperative relationship has been expanded on a new scale and with a new quality. There are new forms of cooperation. The two sides have begun cooperating in the import-export and commodity exchange spheres. As for training, instead of Vientiane sending people to Hanoi for training as in the past, Hanoi is sending experienced training specialists to Laos to help them organize a number of occupational training classes in Vientiane. Hanoi's specialists are enthusiastically guiding Lao cadres and workers in managing and using the machinery and equipment provided by Hanoi. One cooperative theme that has brought clear results is commodity exchange and

import-export coordination between the two capitals. Hanoi has accorded preferential treatment to its friend, such as advancing capital and promptly satisfying a number of needs, contributed to expanding the operations of the Vientiane commercial sector, and helped its friend step up capital turnover and increase accumulation. During the past 2 years, the Vientiane commercial sector has expanded greatly and the volume of commodities has increased rapidly, with the total value rising to several billion kip. As for project construction, during the past 2 years, Hanoi and Vientiane have cooperated in building almost a dozen production and service installations equipped with equipment supplied and installed by Hanoi. This includes a paper mill with a capacity of 300 tons of paper and 150 tons of cartons a year. It produces a variety of commonly used items such as writing and typing paper and toilet paper from raw materials that Vientiane has on the spot. Other projects include an ointment and medicinal wine production enterprise with a capacity of 50,000 liters of wine per year, a facing brick production plant, two plants to make ice cream and ice, an acetylene production plant, a food and drug test station, and the Vientiane wired radio network. Besides this, Hanoi helped transform and equip two weaving plants. Previously, the work was done manually, but now electricity is used.

During the period 1979 to 1985, the number of Hanoi-Vientiane cooperative projects increased to more than 20 production and service projects with the amount invested reaching several hundred million kip. Hanoi helped Vientiane build a number of material and technical bases, strengthen the ranks of the working class, and produce a number of new types of goods to satisfy the needs of production and life and reduce exports. This cooperation, which is based on equality and mutual benefit, has contributed to exploiting the potential of the two sides better, stimulated economic accounting, manifested the independence and sense of responsibility of each side, and created conditions for expanding the cooperative relationship.

Today, the specialists from Hanoi are helping Vientiane make preparations for building the Huoi Sua Huoi Son water conservancy project. They are also helping to design the Nong Bon public park, build a crystal production plant, equip a municipal kindergarten, and provide additional equipment to the Vientiane Machine Enterprise in order to increase machine repair capabilities and manufacture a number of small machines to support agriculture.

At the beginning of this year, a delegation from the Vientiane Municipal Administrative Committee visited and worked with the Hanoi Municipal People's Committee. The two sides reviewed the cooperative process during the past years, learned a number of lessons, and discussed the direction of cooperation in the coming period. The two sides were very happy about the results of cooperation during the previous 7 years and confirmed the achievements that had been scored. Together, they unified the guidelines and themes for cooperation in 1986 and the period 1986-1990. They resolved to solidify and further strengthen the friendship, combat solidarity, and fraternal cooperative relationship between Hanoi and Vientiane.

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CSO: 4209/33

LAOS

SRV ASSISTANCE IN ROUTE 8 CONSTRUCTION DESCRIBED

Hanoi NHAN DAN in Vietnamese 25 Jul 86 p 3

[Vietnamese-Lao-Cambodian Fraternal Solidarity column by La Ba Tinh: "Highway 8, a Vietnamese-Lao Friendship Highway"]

[Text] Highway 8 runs from Bolikhamsai Province, an area with many valuable forest products, through the Cau Treo Pass and into our country, ending at the port of Cua Lo. It is a very short highway and provides Laos with convenient access to the world by sea. At the beginning of the 1985 dry season, Laos used Highway 8 to transport lumber for export.

Highway 8 suffered heavy damage during the wars against France and the United States and is still in a state of disrepair. During the rainy season, it turns into a swamp. During the dry season, it becomes very dusty. The bridges were built during the time of the French. Those that were not bombed by the Americans collapsed anyway, because their load capacities were exceeded many times during the war.

In the face of the construction, economic development, and national defense requirements of Laos, old Highway 8 has proven to be inadequate. Modernizing the highway has become one of the key tasks of the Lao communications and transportation sector. Federation of Communications Enterprises 8, which is subordinate to the Vietnamese Ministry of Communications and Transportation, has been given the task of helping Laos rebuild this highway.

Since the beginning of the 1985 dry season, the highway has been one long work site. The area has been filled with the sounds of machinery, explosives blasting rock, hundreds of power shovels, mixers, and asphalt spreaders, and thousands of trucks of various types.

Hoat, the deputy director general of Federation of Communications Enterprises 8, said that the federation is concerned about hitting three targets: building the highway, building people, and strengthening Vietnamese-Lao friendship. The party organization, authorities, trade union, and youth union have concentrated on building and training ranks of capable cadres and workers who have experience in building roads in friendly countries and turning them into activist forces. They have also trained new laborers in modern road construction methods and techniques. But that is not all. The striking point, the decisive task, is that the enterprises have organized the

laborers in a scientific and creative manner. The production units receive work quotas and are paid according to the products. Based on the grades of the workers, the units work in three shifts. On each shift, there are excellent workers and new workers. There are also party members on each shift. And each day there is a "spearhead" shift that seeks ways to exceed the quotas so that the following shifts can strive to make even greater progress. Those people and shifts that fail to meet the quotas must make up the work the next day. Thus, even though the number of young laborers who are fulfilling their obligation accounts for more than half of the total number of laborers, productivity and quality have not suffered and have even improved on certain fronts.

In the face of the difficult living conditions and terrible weather, the party committees and directors of the enterprises realized that only if the workers had stable living conditions would it be possible to put their minds at ease and step up production. The enterprises organized the workers and encouraged them to use their free time and days off to promote the "put on a knapsack and sow seed" and "each person raise two chickens and each team raise one hog" movements in order to improve living conditions. Today, every production unit has a vegetable garden, hogs, and chickens. The stable living conditions have enabled almost all the enterprises to exceed the norms concerning labor man-days during the month. More and more movements to exploit the suggestions, improve techniques, increase productivity, and improve labor results are appearing among the people and collectives, such as Bridge Unit No 1 of Bridge Enterprise 75, heroic Enterprise 572.

Bridge Unit 1 is building the Nam Tuong bridge. The bridge provides two lanes for mechanized vehicles and two paths for simple vehicles and pedestrians. When the Bridge 2 surface plates were assembled, the trucks could not pass, because the mountain slope was too steep. The unit then switched from assembling prefabs to pouring concrete directly.

The innovation made by heroic Enterprise 572 was to begin using bulldozers in constructing road foundations having layers of shale in place of the old method (using human power in coordination with explosive charges). This saved 1,500 kg of explosives and hundreds of thousands of labor man-days. In conditions in which there was a shortage of equipment and spare parts, Ngo Xuan Luong, the director of Enterprise 572, proposed using piston rings from Z501 motors on the motors of the bulldozers. This made it possible to send the bulldozers to the construction front more quickly. This was a new solution to the problem of making repairs and replacing this type of part at a time when we were encountering difficulties. And as a result of this, the state made a profit of several hundred thousand dong.

Highway 8 is not yet ready for use. But with the thought processes and work methods employed by Federation of Communications Enterprises 8, we are confident that Highway 8, just like highways 6 and 7 in the past, will write a new chapter in all-round cooperation between Vietnam and Laos, cooperation that is filled with hope and fraternal friendship.

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CSO: 4209/33

LAOS

SRV PROVINCE AID TO ATTOPEU DESCRIBED

Hanoi NHAN DAN in Vietnamese 27 Jun 86 p 3

[Vietnamese-Lao-Cambodian Fraternal Solidarity column by Le Nghiem:
"Cooperation Between Gia Lai-Cong Tum and Attopeu"]

[Text] Gia Lai-Cong Tum and Attopeu (in southern Laos) are neighboring provinces. Both are located in the area where Vietnam, Laos, and Cambodia come together.

The relationship of brotherly cooperation between the peoples of the two provinces began officially in 1978 and has expanded ever since. A striking friendship project is the opening of a highway from Dac To to Attopeu. This really is a "friendship bridge" linking the two provinces.

Implementing the documents signed by the two provinces, last year Gia Lai-Cong Tum helped its neighbor build a 100-bed provincial hospital called the Attopeu-Gia Lai-Cong Tum Friendship Hospital. This hospital was turned over to Attopeu at the end of 1985. The Provincial Forestry Service sent 16 cadres subordinate to the Forestry Project and Planning Enterprise to help Attopeu conduct surveys, inspect the forest resources, and make preparations to build a state forest to fell trees and process timber on 10,000 hectares of land in the Se Kaman area. The Provincial Construction Service helped Attopeu conduct surveys and formulate economic and technical plans for two projects, that is, a system for supplying water to Attopeu City and a two-story provincial hotel. Last year, Gia Lai-Cong Tum provided Attopeu with hundreds of tons of salt, two pumps with a capacity of 500 cubic meters per hour, which were installed at the Ban Hom test station, a large quantity of medicines to treat people, and drugs to prevent and control epidemics in livestock. Many public health cadres were sent to help give medical examinations and provide guidance in treating malaria and a number of other diseases. Cadres from Gia Lai-Cong Tum also helped install a system of wired radio speakers in Attopeu City and Saisettha District.

Since 1979, Gia Lai-Cong Tum has helped Attopeu train hundreds of general and vocational middle school students. In 1985, 131 students from Attopeu attended a cultural training class in order to prepare for the vocational school entrance examination. Last year, Attopeu's first class of vocational middle students, which consisted of 42 students subordinate to the public health,

agricultural, forestry, and culture and arts sectors, graduated after 7 years of training in Vietnam. These students returned to their country, found jobs, and began exerting a good influence. The province also helped Attapeu open two short-term classes on techniques of manufacturing herbal medicines and on operating and managing a wired radio station and taking photographs. Last year, the Gia Lai-Cong Tum provincial hospital treated 12 cadres from Attapeu Province.

Economic cooperation between the two provinces is expanding. In coming years, the two provinces will continue to solidify and promote this special relationship and close solidarity for the sake of the people.

11943

CSO: 4209/33

NEW ZEALAND

LANGE REBUFFS USSR DEFENSE OVERTURE

Sydney THE BULLETIN in English 9 Sep 86 pp 129, 130

[Article by Ian Templeton]

[Text]

WITH A timing that proved exquisitely embarrassing to his New Zealand hosts, the visiting Soviet Deputy Foreign Minister, Dr Mikhail Kapitsa, has proposed a bilateral "confidence-building" pact with New Zealand. Under the pact, the Soviet Union would be obliged to inform the New Zealand government of its naval movements in the Pacific. Such an agreement, Kapitsa contended, would create an atmosphere of trust between the two countries. It would also facilitate the exchange of information and ideas between the USSR and New Zealand.

In another conciliatory gesture, Kapitsa indicated the Soviet Union will sign the protocols attached to the South Pacific Nuclear Free Zone Treaty.

For Prime Minister David Lange and his government, still reeling from the Defence Review Committee report which showed that most New Zealanders want their country to remain an active member of ANZUS, the concept of closer relations with the Soviet Union has as much appeal as a whiff of Chernobyl.

Lange in one of his terser statements rejected the overture for military co-operation. "The best co-operation we can have from the Soviet Union is to have their vessels as far away from New Zealand as ours are from Russia. There is certainly no proposal for any form of military co-operation with the Soviet Union," said Lange.

In seeking to show New Zealand that despite the withdrawal of the American security guarantee under ANZUS, New Zealand is determined to retain its friendship with the United States. The last thing Lange wants is to give the impression he is falling into the arms of the Russians.

Given the delicate state of New Zealand's defences without the ANZUS umbrella, the New Zealand government is anxious to promote the idea that the country is in a "benign strategic environment". In that context the less visible the Soviet Union is in the South Pacific the more it would suit the Lange government.

How far the Soviet Union intends to exploit the rift between New Zealand and the United States is not clear. Kapitsa however was not averse to making some political capital out of it. "Our position is that the more countries which resist nuclear weaponry, the better it will be for the world. It is a very wise step," he said. Kapitsa, the first Soviet deputy foreign Minister to visit New Zealand, showed signs of irritation only when he was questioned about his alleged background of clandestine activity in Pakistan. One New Zealand newspaper had reported excerpts from an American book on the

KGB which asserted that the high-ranking Russian, the Ambassador in Pakistan, had been told to leave the country in 1960. Kapitsa described the claim as "complete nonsense".

Diplomatic observers in Wellington fit the Kapitsa visit into the context of the Gorbachev speech in Vladivostok in July when the Russian leader spoke of the Soviet desire to "build together new fair relations in Asia and the Pacific". Gorbachev proposed a Helsinki-type conference in Hiroshima to initiate peace diplomacy in Asia and the Pacific and he spoke of his government's intention "to start talks on the reduction of the activity of fleets in the Pacific, above all, nuclear-armed ships". He said: "If the United States gave up its military presence in, say, the Philippines, we would not leave this step unanswered".

Whether the Soviet Union calculated that it could find an ally in the Lange government in its Pacific peace initiative has yet to be categorically defined. Kapitsa confined himself to saying that the purpose of the visit to New Zealand was to explain Soviet policy in Asia and the Pacific.

For Lange, there are political risks in any cosy new relationship with the Soviet Union, in the wake of Washington's displeasure. So far there has been no hint of trade sanctions against New Zealand by the Reagan administration.

merely hints that there will be no more arm-twisting of congressmen to prevent them initiating fresh barriers against New Zealand trade. But Australia's lack of success in persuading its ANZUS partner from actively damaging its wheat and sugar industries has left New Zealanders wondering just how much value could be placed on the ANZUS relationship when it came to the crunch in trade.

American diplomacy, at least so far as New Zealand has been concerned, has displayed little finesse during the course of the ANZUS row.

For New Zealanders who believe that their ban on nuclear weapons will have removed any threat of nuclear destruction, the old nightmare was re-awakened by US Senator Richard Lugar, chairman of the influential Senate Foreign Relations Committee. Visiting Wellington in the same week as Kapitsa he told a news conference that he had little doubt the Soviet Union would have nuclear missiles targeted on New Zealand, just as it would have on Australia and other free members of the Western World. Members of the free world should stick together. Lugar maintained that the nuclear deterrent had succeeded in keeping the peace for 40 years.

The question New Zealanders are asking themselves in the wake of the ANZUS row is whether their country is to become a new cockpit for super-power rivalry. □

/9317

CSO: 4200/64

NEW ZEALAND

LANGE REJECTS BID TO MAKE NZLP CONFERENCE DECISIONS BINDING

Sydney THE AUSTRALIAN in English 1 Sep 86 p 6

[Article by Richard Long]

[Text]

THE Australian Government's reversal of ALP policy on uranium was cited by the Prime Minister of New Zealand, Mr Lange, when he rejected a bid by the New Zealand Labour Party's annual conference at the weekend to tie his Government to conference decisions.

Mr Lange and his deputy, Mr Palmer, a former professor of constitutional law, cited the uranium debate after their party's left wing carried a move to bind future New Zealand Labour governments to conference decisions taken on a two-thirds majority vote.

The leaders rejected their party conference just hours after the overwhelming vote by delegates.

Mr Lange said the Government was elected to govern and would continue to, even if this meant at times ignoring the decision of the party conference.

He was backed by Mr Palmer. It was constitutionally open for the government of the day to ignore party conference resolutions, he said.

Earlier, Mr Palmer had been rebuffed when he attempted to amend the move during conference debate.

Frustration

The procedure demanded was unworkable, bureaucratic, undesirable, undermined the party's policy council and set up two classes of policy, he said.

He sought a requirement for policy passed by the new procedure to be approved also by the party's ruling council and Caucus.

The vote was viewed as an expression of frustration by delegates, who have seen confidence resolutions watered down or discarded by the party's policy council during the years.

A new structure will enable the conference to bypass the policy council on designated issues, placing them on the party's election manifesto without the scrutiny and amendment of the usual policy process.

In debate, delegates said the Government had shown it could not be trusted. The new procedure would democratise the proceedings of the party and give more power to the conference.

Despite strong party feelings against the free-market policies of the Lange Government, spirited debate on economic issues at the weekend ended in a qualified victory for the Government.

Many proposals seeking to overturn the free-market policies were overturned after appeals by the Minister of Finance, Mr Douglas, and deputies Mr Richard Prebble and Mr David Kaytill. Not everything could be achieved in three years, but a great deal could be achieved if Labour could stay in office 15 years, they said.

Mr Douglas, under fire from many delegates, came out fighting.

He rejected the view of some delegates that the maximum of controls and regulations was needed to create a good economy.

He linked his party interventionists with the former prime minister and National Party leader, Sir Robert Muldoon, who he said also thought problems would vanish by waving a magic wand.

While moves to reject the Government's VAT-style goods and services tax were defeated, the conference is to approve a move to remove the tax after its introduction in October.

Mr Douglas was warned against his plan to corporatise State-owned enterprises and sell off shares in government-owned institutions, such as the Bank of New Zealand.

The party voted against foreign purchase of New Zealand farm land, even though Cabinet is drawing up plans to allow this.

While the Government achieved a qualified victory in conference debate, the Left swept the floor in elections to the party's ruling council.

This leaves the Labour Government with a largely hostile council - which has the final say on policy - and a hostile conference that has given itself the right to place policy directly on the party manifesto, bypassing normal procedures.

While Mr Lange professed to be unconcerned about these developments, observers considered the council would make it more difficult for a Labour government to govern in future.

The conference-approved changes to the policy procedure do not come into effect until after next year's election.

/9317
CSO: 4200/64

NEW ZEALAND

PROBLEMS BELOW SURFACES OF TWO MAJOR PARTIES ANALYZED

Factions in Labor Party

Christchurch THE PRESS in English 11 Sep 86 p 21

[News Analysis by Oliver Riddell: "Time Bomb Waiting To Explode..."]

[Text]

The Labour Party is a time bomb waiting to explode. Party stalwarts are hoping it does not go off until after the next election; they no longer expect to avoid an explosion.

Two camps grew during Labour's long sojourn in Opposition, between 1975 to 1984.

The first was known as the "A Team." It comprised the leader, Bill Rowling, and most of the bright young activists who came into Parliament during his leadership. It also included the successful party president, Jim Anderton and those close to him in the party organisation.

The second was known as the "B Team." It comprised those for whom winning was more important than policy. Each time Mr Rowling lost a by-election or a contest with Sir Robert Muldoon, his opponents multiplied. Finally, a replacement for Mr Rowling was found in David Lange.

The divisions between these two camps were fundamental. They did not go away when Mr Lange replaced Mr Rowling — although they were hidden in the interests of the 1984 electoral success that allowed Mr Lange to close the rifts with the largesse of Cabinet posts, committee chairmanships, and overseas trips.

In those halcyon days after the election success, the A Team seemed to dwindle to only two members in Parliament — the newly elected Mr Anderton, now no longer president, and Helen Clark.

With Mr Rowling out of Parliament and safely posted off to Washington as Ambassador the B Team moved swiftly to remove Mr John Wybrow as party chief executive and pack him off to Ottawa as High Commissioner.

The victory of Mr Lange and his cohorts was complete. Prominent A Team members moved on to the front benches — Geoffrey Palmer, David Caygill, and Russell Marshall. Other A Team members such as Ann Hercus and Stan Rodger also hold major portfolios.

Then Rogernomics swept the country. Its policies have charted a new economic and social course for New Zealand under Roger Douglas, Richard Prebble, Mike Moore, and Michael Bassett.

Doubters within the party organisation were either swept aside or converted. B Team policies were in the ascendant and many A Team members switched to being fervent advocates.

Mr Anderton and Mrs Clark became lonely figures. Mrs Clark occupied herself with foreign affairs and defence matters — perhaps the only major area in which the Labour Government adopted A Team policies.

As the sole economic critic within the party caucus, Mr Anderton has had a very difficult time. Many of the B team in the Cabinet were openly distrustful and critical of him; even the former A Team wished he would quietly go away.

Now two years down the track, Mr Anderton and his policies have weathered the storm. Labour is not going to repudiate Rogernomics but the overwhelming confidence that had been shown in it is starting to trickle away.

Industrial relations are also providing a growing field for dispute. Again, Mr Anderton is seen as a focus for the return to A Team policies.

A number of party figures are starting to look as if they might be casualties of the divisions. The first is the Government's research unit director, Rae Julian. The decision not to renew her contract seems to have been the result of a trade-off between the B Team and some A Team

activists within the party hierarchy who wanted a more malleable person.

Another likely casualty is Kerry Burke. He was an A Team member for whom the B Team had no love; now the employment situation and his employment strategy have cost him a lot of support.

For reasons that have much to do with A Team B Team interplay, he is in grave danger of not being returned to Cabinet if Labour wins next year. The targeting of his West Coast electorate by the National Party is not helping him either.

On the grounds, as Benjamin Franklin once said, that "if politicians don't hang together they hang separately," it is probable that the A Team and B team will try to keep their differences from public scrutiny.

If Labour loses in 1987 they will burst forth on the night of election defeat; even if Labour wins the stresses will still cause some sort of explosion within Labour's ranks.

It is even possible that a "Radical Labour Party" could split off if the main Labour Party continues to be unmoved by the anger its economic and industrial policies are arousing among traditional party backers.

That would happen if the new coalition between working-class voters, urban liberals, and professional-business interests could not stand the stresses of a worsening economic recession. At present, the coalition is holding together, and it should stay intact for a while yet.

It all boils down to a crunch issue — will the B Team policies work?

Mr Anderton is not likely to go the way of John A. Lee 45 years ago and court political oblivion by leaving Labour altogether. It is more likely that he and those who think like him will stay inside to be available to pick up the pieces if that should prove necessary.

The appearance of calm within the Labour Party is not deceptive. Labour is calm. But the fuse is ticking away...

National Party Pressures, Tensions

Christchurch THE PRESS in English 11 Sep 86 p 21

[News Analysis by Oliver Riddell: "...Political Volcano Bubbling Away"]

[Text]

Political volcanoes are like geological ones — they erupt only occasionally. In between they boil away below the surface. The National Party is acting like a political volcano at present.

It is nearly five months since the last visible eruption when the Parliamentary caucus spewed out its leader of only 16 months, Jim McLay, and replaced him with Jim Bolger.

The internal stresses that led to that eruption were eased; now they are building up again. Changing leader addressed the symptoms of the tensions within National but did not get down to the root causes.

Three strands within the National Party are being reflected within its Parliamentary caucus. They found their exponents in the recent race for the party presidency.

● At one end of the spectrum are the **pragmatists**. They are associated with Sir Robert Muldoon, although their most forceful exponent is Winston Peters.

The pragmatists like to deal with issues as they arise, and are fond of using the word "appropriate" in explaining their beliefs and actions. They believe that sharp and clearly-defined policies are counter-productive in politics; they prefer to apply logic and commonsense to issues as they arise.

This group held the ascendancy in Parliament for many years and National's most successful leaders — Sid Holland, Keith Holyoake, and Sir Robert Muldoon — were pragmatists.

Their candidate for the presidency was Brian Shackel, the Christchurch businessman who had no record of involvement in the party and no ideological

barrow to push, but emphasised competency.

● At the other end of the scale are the **idealists**. They are still associated with Mr McLay but their most forceful exponent is Ruth Richardson.

The idealists believe National should be a vehicle for clearly expounded principles and philosophies. It should not deal with events pragmatically but within a framework of ideals argued out and mutually agreed upon.

This group wants to "address the issues" and criticises the pragmatists for their inability to do more than react to events. Its best-known exponents are two of the party's most wounded figures — Jack Marshall and Mr McLay.

Their candidate for the presidency was Hamish Kynoch, the Hawke's Bay farmer. He is a fine speaker and articulator of ideals, but he was closely associated

with the departing president, Sue Wood, whose term was riven with battles with pragmatists on whom she tried to superimpose her ideals.

● In the middle are the compromisers, who believe in both having ideals and reacting to individual events as they warrant. They see themselves as "sensible and middle-of-the-road."

They shifted to the McLay camp to help topple Sir Robert Muldoon, and later to the Bolger camp to topple Mr McLay.

It is hard to enthuse people from the middle: it is the more extreme rallying cry that motivates the troops. But National's great strength has been that it has occupied the middle ground so successfully for so long.

Neville Young, the Christchurch solicitor, was "their" presidential candidate. It was appropriate in the context of National Party traditions that, after first one and then the other more extreme candidate seemed to be in front, the prize went to the least extreme.

National now has a president who will return to the style of Sir George Chapman and forswear the political minefield trodden by the more philosophically committed Mrs Wood. That should enable him to draw together the disparate threads in the National Party organisation.

In Parliament, the party is in no such happy position. The support of the pragmatists for Mr Bolger has made him seem their man. Even if he were not,

striking a balance between the pragmatists and the idealists might be beyond human skill.

Getting rid of Mr McLay has reduced the emphasis National in Parliament gave to education and social welfare; instead it promoted such issues as whether an inter-island ferry struck the bottom of Tory Channel and who got leaked copies of the Budget.

This tactical switch may have placated those who feared being too precise on social issues but has angered those who view ferry groundings as trivial and irrelevant. The nature of the problem has changed, but the tension is still there.

As long as Mr Bolger himself stays up in the polls his leadership will not be seriously questioned before the next election. Even if he plummets as low as Mr McLay did he should survive — and a fall of that magnitude is most unlikely.

But the idealists have not given up. They are seeking to promote the candidacy of similarly thinking people in winnable electorates for the next election. This would enable them to build up strength while the pragmatists are retiring and getting out of politics.

So the pressures are still there for National. Changing a leader has not cured the problem; and the animosity between the pragmatists and idealists is great and is still growing.

Geologists cannot predict exactly when an active volcano will erupt again — only that it will. The same holds true for the political volcano that is the National Party.

NEW ZEALAND

CANBERRA REJECTS AIR NEW ZEALAND EXPANSION PLAN

Christchurch THE PRESS in English 8 Sep 86 p 1

[Text]

Sydney
The Australian Government has told Air New Zealand that it can forget about its plans to fly domestic services in Australia, an Australian newspaper reported yesterday.

The "National Times" reported on Sunday that the Minister of Transport, Mr Peter Morris, had told Air New Zealand by confidential telex that its bid to fly Australian domestic air routes could not be supported.

He cited Australia's two-airline policy which specifically prohibits a third carrier on trunk routes.

The rejection would not have been unexpected at Air New Zealand headquarters in Auckland.

After the airline announced its tit-for-tat application following on New Zealand approval of Ansett's involvement in the Newman's venture with Brierley Investments and the Newman Group,

Mr Morris's office cited the two-airline policy as the barrier that would stop the New Zealand plans.

The policy, instituted as an act of Parliament by the Fraser Government five years ago, was designed to introduce airfare stability on domestic services and cannot be reviewed until 1990.

In spite of the rejection, the "National Times" said that aviation sources expected Air New Zealand to pursue its interest in flying within Australia.

The next move by the airline will be watched with interest.

A logical step would be some form of merger with Ansett's domestic rival Australian Airlines, formerly TAA, but Australian is Government-owned and the move is therefore impractical.

The other possible airline target could be East-West Airlines which is now taking legal action to try and overturn the two-

airline policy, but until it does its interstate services are confined to small-town hopping.

Air New Zealand's public affairs manager, Mr Bob Wallace, said last evening that he could confirm that the airline had received communication from Canberra but he was not at liberty to disclose what it said.

"However, there is nothing at this point that deters us from proceeding with our plan to enter the Australian domestic trunk market," he said.

The Minister of Transport, Mr Prebble, said yesterday that the refusal to allow Air New Zealand to compete in the tightly-restricted two-airline Australian domestic route came as no surprise.

"I would have been absolutely astonished if they had said yes."

Mr Prebble said it was not for him to comment on Australian domestic aviation policy.

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CSO: 4200/64

NEW ZEALAND

NEW RURAL INVESTMENT VENTURE OUTLINED

Christchurch THE PRESS in English 13 Sep 86 p 1

[Article by Martin Freeth]

[Text]

Debt-burdened farmers will be invited to exchange direct ownership of their land for shares in a collective property trust under a new \$100 million rural investment venture outlined yesterday.

The promoters of the New Zealand Rural Property Trust say it will provide a way of restructuring farm debt by injecting new investment and profitability into agriculture.

The trust would take over a farmer's debts and lease back the land so that he or she could concentrate on working it as a business, without continued high debt costs. The farmer would retain some equity through the trust shareholding.

Its principle promoter, Mr Hugh Riddiford, said the private sector response to the farm debt crisis had been welcomed in an informal discussion with the Minister of Finance, Mr Douglas.

The trust would work independently of the present debt-restructuring strategy of the Rural Bank and private creditors.

Mr Riddiford is a Wellington businessman with interests in investment, property, development, and a farm. His fellow promoters are two of his cousins, Mr Mark Riddiford, a Wairarapa farmer,

and Mr Peter Vavasour, a Blenheim farmer.

Mr Hugh Riddiford said yesterday that details of the trust, including institutional backers, would be released in a prospectus in a month.

About \$40 million of the trust's capital would come from the issue of shareholding units — probably \$500 — to the public, Mr Riddiford said.

He said the venture would involve a management company monitoring the progress of farmers in the trust and managing their collective debts.

The farmers would pay an annual rent on average set at 4.5 per cent of their land value at the time of entering the trust, Mr Riddiford said.

That was based on the rate applying in a similar rural trust in Australia.

He said farmers would be involved in controlling the trust through their 60 per cent shareholding and representation on a board of directors.

He believed the venture would stabilise and potentially increase land values, protect the equity of farmers in their land,

and increase their real rates of return.

Mr Riddiford said the trust concept was based on a very optimistic outlook for the viability of farming.

All that was wrong was that farmers had mixed the businesses of farming and of capital investment in the industry, the latter now creating problems because of the fall in rural land values.

"It is amazing how good the (farming) business is ... but there has been a bit of a culture shock and everyone is so negative about what has happened, but really the opportunities are there now."

Mr Riddiford conceded there would be resistance from some farmers to the idea of transferring land ownership to the trust.

"When you first start talking about it, they say 'No, that's not for us at all,' but if you sit down and spend time explaining the concept it is amazing how quickly they turn round," he said.

The trust also offered

the potential for farmers to sell their shares, perhaps if they want to leave the business at retirement age, or for others to buy them as a means of entering it.

"Young farmers would not have to mortgage themselves to the hilt and 30 years later 'come right.' They can just get into the business of farming with a lot less investment," Mr Riddiford said.

While he would prefer the Government to scrap the existing law on land aggregation — something it has said it would review — Mr Riddiford predicted there would be no legal impediments to the trust's operations.

NEW ZEALAND

ECONOMIC INSTITUTE FORECASTS 'IMPROVING' ECONOMY

Christchurch THE PRESS in English 15 Sep 86 p 1

[Text]

But personal economics do not look so favourable, with the institute predicting the consumers' price index will rise about 16 per cent in 1986-87, a minor fall in real incomes, and a "significant decline" in employment.

Since its last quarterly review, statistics had given confusing signals about the progress of the New Zealand economy, the institute said.

Higher unemployment was a sign that the recession was deepening, and the international market was less promising than it had been, as none of the economies of New Zealand's main markets were expanding rapidly.

A recession is a fall in over-all business activity, defined as two consecutive quarterly falls in the total value of goods and services produced.

However, businessmen polled in the institute's latest survey were optimistic that there would be a turning point within six months.

"In addition, the ex-

change rate for the New Zealand dollar has fallen, which, if this process continues, will have significant impact on the competitiveness of New Zealand output," the institute said.

The GST package would have a expansionary effect on the economy but industry profits were likely to remain low, because of a falling domestic demand and high interest rates.

Some firms would come under more pressure from competition as overseas trade became less regulated.

The institute predicts a private sector wage round of about 9 to 10 per cent. Three months ago the forecast was 12 per cent.

Tax cuts due next month would help household incomes, and therefore spending, while the sharp drop in domestic demand this year would be offset by the improved trade balance, it said.

The institute also expects export volumes to grow more quickly,

mostly because of delayed meat exports coming through, and imports are expected to contract about 7.5 per cent because of smaller imports of capital items for major projects.

"Thus, over-all, there are some grounds for expecting an improvement in economic prospects," the institute says.

The Opposition's assistant spokesman on finance, Mr Michael Cox, said yesterday that business optimism of an economic upturn within six months was unfounded.

"Economic growth is forecast to decline 1.5 per cent this year ... rep, business profits in 1986-87 are forecast to fall 12 per cent, and business investment is predicted to fall 14 per cent," said Mr Cox.

The consequence of the decline would be increased unemployment, he said.

"It would appear that New Zealanders have little to be optimistic about."

/12828

CSO: 4200/67

NEW ZEALAND

EDITORIAL VIEWS OPTIMISTIC SIGNS IN ECONOMY

Christchurch THE PRESS in English 16 Sep 86 p 10

[Editorial: "Some economic optimism"]

[Text]

Grounds for optimism about the New Zealand economy are slight, but they can be found. One of the grounds found by the New Zealand Institute of Economic Research in its "Quarterly Survey of Business Opinion" quoted in the "Quarterly Predictions," is the degree of optimism itself among business people. They apparently believe that there will be a turning point and an improvement in six months. Some optimism is necessary for business people to keep going.

Forecasting the economy into an election year used to be a simpler matter in New Zealand. The election year would be expansionary, the year after an election tight, and the year between somewhere in the middle. There were some difficulties in this for the real economy because the natural rhythm of business cycles did not necessarily correspond with the desires of Governments to have an expansionary year so that people would feel good and reward the Government with another three years in office.

Besides the business optimism itself, the grounds for optimism are that the value of the dollar has declined, which should aid exports through greater competitiveness; that interest rates are lower than they were; that the tax cuts next month should increase the net incomes of households and expenditure on consumption; and that there should be a continued, moderate growth in New Zealand's international markets.

Cold comfort, rather than optimism is to be found in the fact that the domestic economy is expected to contract and that this will mean a drop in imports which should mean that New Zealand's trade balance will look better. To the extent that the New

Zealand economy has always been constrained by its trade balance, a better balance should in itself put the economy in better shape.

The reasons for gloom are almost as numerous and as persuasive as the reasons for optimism. None of the economics of New Zealand's major trading partners is showing signs of expansion. The events of the last few days on Wall Street have not yet been fully explained. One suggestion is that the United States economy is showing signs of growing and that stock exchange investors fear that this will mean higher interest rates and greater inflation. If the United States economy expands, it will certainly draw in imports, and this will be good for New Zealand. On the other hand, continued loss of confidence in Wall Street could lead to a recession world wide.

The United States apart, New Zealand's trading partners have slow economies. Considerable uncertainty prevails within New Zealand about any growth in productivity. Any disruption during the wage round will increase costs over all and make New Zealand less competitive internationally. Apart from the lively efforts of the Minister of Trade and Marketing, the Government is not showing very much interest in the importance of exporting as one of the essentials to New Zealand's prosperity. The policy seems to be to let exporters struggle along as best they may and face the hard facts of the world. These hard facts include the protectionist leanings and practices of many countries.

Given the Government's resolve to avoid intervention by way of subsidies or similar incentives, and the desire to set a clean example of freedom in trading, the Government has little room for action. Its

goods and services tax has been sold on the promise that other indirect taxes, including protective tariffs, will be reduced and abolished. All this has left manufacturers exposed to competition from imports and to the risk that the base for exports in producing for domestic sales will be demolished.

Just about the only hope left for some manufacturers will lie in strenuous resistance to anything that will increase their costs — including wage increases. Success or failure in this, and in the consequent ability to export, will have a profound effect on the level of employment.

For individuals there is little to rejoice about. Unemployment seems likely to grow. If the Government has done its sums correctly, there should be more money in pay packets after the October tax cuts. If the Government has not done its goods and services tax sums correctly, further taxes will be imposed in the medium-term and the Government is likely to come on to the money market with an aggressive borrowing policy and interest rates will again climb.

The optimism found in the survey of business confidence may be well or ill founded. A feeling that the next six months will lead to a turning point in the economy is almost certainly correct. The Government programme virtually ensures this. If the results are favourable, 1987 may turn out to be a traditional election year after all. The Government will not be alone in hoping for such a turning point.

NEW ZEALAND

EDITORIAL VIEWS MANUFACTURING SECTOR CRITICISM

Christchurch THE PRESS in English 15 Sep 86 p 18

[Editorial: "Climate for manufacturing"]

[Text]

The most serious criticism of Government policies made in the annual report of the Canterbury Manufacturers' Association is that, because of its preoccupation with free marketing, the Government has "created a climate for dismantling a considerable proportion of New Zealand's manufacturing base." This complaint is too serious to be ignored: it matters to employment, exports, and the general wealth of the country; and the changes that have been made in the last two years should be readily measurable by now. The association's report talks about the creation of a climate for dismantling manufacturing; this alone does not establish what is happening; though it cites the experience of firms having significant areas of their factories no longer in productive work and now storing imports instead.

The Canterbury area has a significant manufacturing base and great care needs to be taken to see that the base is maintained. No guarantee can be given that certain items will always find a market; but technology and enterprise should ensure that manufacturers can be adaptable.

In theory, the Government's policy should

bring about a saner allocation of resources. Because of the rapidity and sweeping nature of the changes, judgment on whether the economic strategy is working has been suspended. It has been suspended for long enough. Manufacturers are part of the visible economy. They make things, they employ people to make them, they provide work for people to sell them. Manufacturers who export earn foreign exchange to buy the country's imports. They are an essential part of the productive economy. Christchurch and the whole of the Canterbury area will be a sorry place indeed if the dismantling of manufacturing, described in the manufacturers' report, goes on without evidence soon of new manufacturing, or the extension of surviving businesses, to compensate for the losses in jobs and output so far. If the association has read the facts wrongly, it is time that the Government sprang to its own defence by showing that the trend is otherwise. Too much productive capacity and too many jobs are at stake for the trend to be left unmeasured and unacknowledged in Government policy.

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CSO: 4200/67

PHILIPPINES

FAILURE OF AQUINO'S ASEAN ECONOMIC INITIATIVE VIEWED

Sydney THE AUSTRALIAN in English 11 Sep 86 p 11

[News Analysis by THE ECONOMIST: "Why Cory Wants a Common Market"]

[Text]

MRS Cory Aquino is nagging the neighbours again.

In June, the Philippine president chided the Association of South-East Asian Nations (ASEAN) for having done practically nothing since it was set up 19 years ago. Her optimistic aim in her recent trip to Indonesia and Singapore was to persuade ASEAN to become a real political and economic force. The brothers have a long way to go.

The six countries of ASEAN - besides Indonesia, Singapore and the Philippines, there are Thailand, Malaysia and, most recently, Brunei - are geographically close, but in most other respects divided. They are inhabited by rival races, have rival economies and even worship rival gods.

One reason why the association has remained in being for so long, and its members are seemingly fairly friendly to each other, is precisely that it does almost nothing. But Mrs Aquino thinks that is not a good enough reason for it to go on existing.

ASEAN's favourite subject for doing nothing about is Kampuchea. The foreign ministers of the association meet from time to time and issue bland communiques which are ignored by Vietnam, whose soldiers occupy Kampuchea, but which are approved of by the West because they do no harm and sound suitably criti-

cal of Vietnam. But even these communiques have proved difficult to agree on. Although all six States are anti-communist, they are anti-communist after their own fashions.

Thailand, which shares a frontier with Kampuchea and is host to many thousands of refugees, is bitterly opposed to Vietnam's occupation of its neighbour. The Thais are friendly with China, and Chinese arms are allowed through Thailand on their way to the Kampuchean resistance. Indonesia, however, distrusts China. It believes the Chinese helped to foment the attempted communist coup in Indonesia in 1965, and has not quite persuaded itself that China has changed since then. Indonesia does not have diplomatic relations with Beijing. Unlike Thailand, it favours a Kampuchean settlement acceptable to Vietnam.

Malaysia also distrusts Vietnam, but for another reason. It still recalls that Japan used Vietnam, then a part of French Indochina, as its jumping off point for the invasion of Malaya in World War II. But many Malaysians balance this by also being suspicious of Thailand, which collaborated with the Japanese during the war. Malaysia is distrustful too of Indonesia, which went to war with it to try to keep Sabah and Sarawak from joining the Malaysian federation in 1963.

If ASEAN cannot agree on a clear policy towards Kampuchea, what hope has it of agreeing about economic cooperation when the possibilities for disagreement are so huge and varied? Greater economic cooperation is what Mrs Aquino chiefly wants from a more robust ASEAN. To help make her case, she has dusted off the almost forgotten original ASEAN declaration, signed in August 1967, which said that the association's first aim was "to accelerate economic growth".

The Philippines is desperately looking for ways to stimulate its run-down economy, and bigger export markets in the region would be most welcome. A South-East Asian common market, briefly mooted by the founders of ASEAN, looks like a good idea to Mrs Aquino.

The trouble is that the economies of the ASEAN countries are competitive rather than complementary. They are tropical or equatorial countries with lots of heat and rain. Indonesia has become self-sufficient in rice, so it no longer needs to import it from Thailand, which has a surplus.

Malaysia, Thailand and Indonesia all grow rubber (and Indonesia's lower labour costs enable it to sell rubber more cheaply than Malaysia does).

All the countries except Singapore have oil. And none except

Singapore is industrialised. So all have prospered (until the recent slump, anyway) by exporting the same things: raw materials. It is not promising territory for a free trade area.

And it does not act like one.

Exports from one ASEAN member to another account for less than 20 per cent of total ASEAN exports. The discouraging truth is that trade among the six is probably no greater than it would have been had ASEAN never existed.

Indonesia's President Suharto tried to get Mrs Aquino's mind off the dismal science by lecturing her for two hours recently about

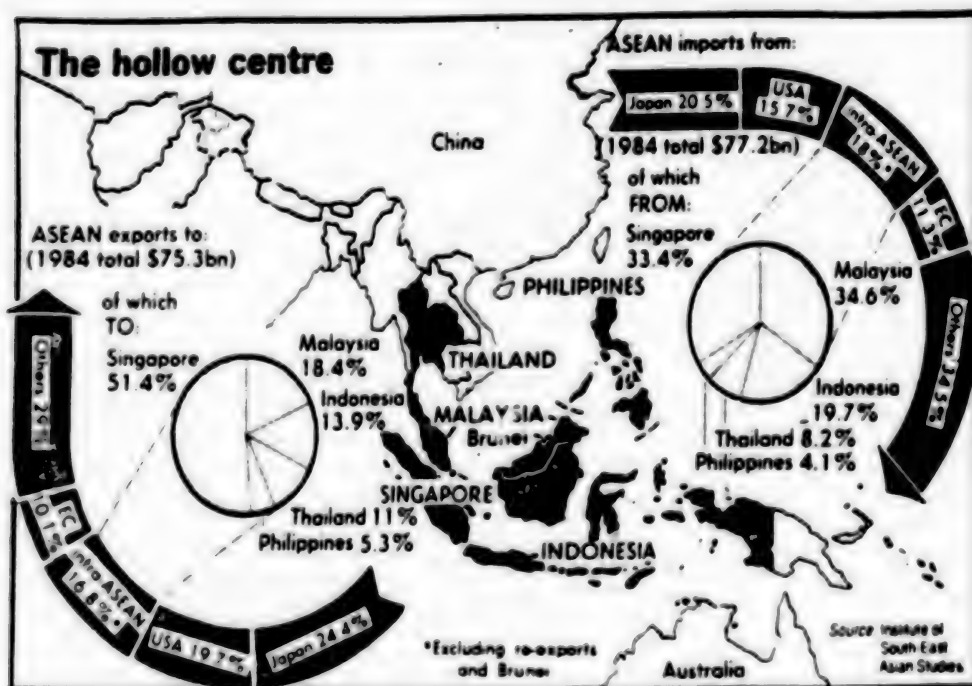
being too soft on the Philippine communists, whom she is trying to persuade to lay down their arms. Indonesia obliterated its communists, with no nonsense about parleying, in the 1965 upheaval.

Singapore's Prime Minister, Mr Lee Kuan Yew, likes the new Philippines government. He was the first ASEAN leader to congratulate Mrs Aquino on deposing Mr Marcos, whose business practices he disapproved of.

But Mr Lee is much more sceptical than Mrs Aquino about the chances for a regional common market.

Still it is recognised, by Mrs Aquino at least, that ASEAN cannot continue to drift. Plans are being made for a meeting of the association's leaders next year. It would be only the third summit of this disparate group and the agenda will have to be artfully compiled if quarrels are to be avoided. One way to breathe life into ASEAN would be to make it a defence pact. But whenever this idea has been whispered before it has been vetoed.

If the greater co-operation that Mrs Aquino has been in there nagging about proved to be impracticable, it is hard to see where ASEAN goes next.



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CSO: 4200/59

PHILIPPINES

MANILA COOL TO GORBACHEV VLADIVOSTOK INITIATIVE

Cebu City VISAYAN HERALD in English 23 Sep 86 pp 6, 7

[Article by Gaspar Balthazar: "Transparent Soviet Ploy"]

[Text] Manila--In his now celebrated Vladivostok foreign policy speech which was cleverly directed at the nations of the Pacific Basin, Soviet leader Mikhail Gorbachev hinted that the Soviet Union might give up its base at Cam Ranh Bay if the United States withdraws from Subic Naval Base in the Philippines.

A month has since passed, but there so far is no serious reaction from either the United States or the Philippines. Congressman Dante Fascell, chairman of the House committee on foreign affairs, remarked that Gorbachev "is everywhere at one as part of a world-wide full-court press." The White House and the State Department have chosen to leave the Soviet gambit unnoticed and unanswered. The Philippine government has adopted an attitude of discreet silence.

An American diplomat, who is an expert on Philippine-American affairs, speaking on guarantee of anonymity said that Gorbachev made a tentative statement more to explore official opinion among parties in interest than to put forward a set, specific proposal. "How many times," he asked, "have the Soviets offered to withdraw troops from Afghanistan?"

A senior Philippine diplomat who spoke on condition of anonymity suggested that the Philippines should define no position on the Soviet "tactical move" until it is seized with the problem of a naval trade-off which concerns its security and that of the region. He said, "What is of crucial interest is what the Soviet leader left unsaid."

A Philippine foreign policy expert put forward the view that somewhere in the back of the mind of the Soviet boss lies the wish to clip the wings of the American eagle. Gorbachev, he argued, was gambling on the outside chance that the United States may accept the proposed trade-off in hopes of avoiding the political and psychological problems that beset US military presence in the Philippines. The Soviets are, in fact, aiming at a standoff in the Far East, the better to pursue their ambitions in more critical areas of the world, he said.

or the present and the foreseeable future, any such scheme as that hinted at by Secretary-General Gorbachev stands no chance of winning the favor of either Washington or Manila. Stated differently, the Soviet leader cannot count with any prospect of making headway with the Reagan administration or the Aquino government.

It is unlikely at this point in time for the pacifists and isolationists in the United States Congress to muster enough strength to change the course of US foreign policy. It remains to be seen how far advanced is the program for the establishment of US "alternative bases" in Guam, Palau, and the Marianas.

A ranking American senator on a visit to Manila toward the end of the Marcos regime declared that the United States could not build "alternate bases" to compensate for the loss of Clark Air Base and Subic Naval Base. Clark and Subic, he contended, are unique in a strategic sense. American military leaders concur in this assessment of the value of Clark and Subic.

ASEAN diplomats have, by and large, taken the Gorbachev speech with a grain of salt. Most of them are wary of "dramatic Soviet proposals for peace." According to them, when the Russians suggest an approach to peace, they really are seeking to determine the lay of the ground ahead.

A Singapore diplomat-journalist, talking off-the-record with a Philippine diplomat, warned that the removal of US military presence from the Philippines "would have catastrophic consequences for the region." The former stated that the trade-off tentatively offered by the Soviet strongman would "clearly and inescapably be in the Soviet Union's favor."

There is a strong and assertive body of opinion in Thailand that does not set much store by claims in the Western press about the might packed by Cam Ranh Bay. Kusuma Snitwongse, who represents that school of thought, said recently, "ASEAN is not so alarmed about Cam Ranh Bay. Kusuma Snitwongse, US seems to want us to be alarmed." In her view, Soviet military presence in Vietnam has so far been "mainly defensive."

Kusuma, who enjoys a good reputation as an authority on strategy, said, "The Soviet Union would find little value in Cam Ranh Bay outside peacetime conditions as it could be rapidly destroyed by US forces based in the Philippines or Guam."

The prevailing view in ASEAN countries is that insurgency remains the outstanding threat to regional peace and security. Prime Minister Lee Kuan Yew, of Singapore, has tirelessly expounded this view in different world forums and councils of international diplomacy.

On her recent visits to Indonesia and Singapore, leaders of both countries took turns at impressing Philippine President Aquino with their concern over communist insurgency in the Philippines.

Given the present temper and temperament of the United States and the countries of Southeast Asia, Secretary-General Gorbachev cannot make progress in the Pacific with his much-touted "charm diplomacy."

PHILIPPINES

CEBU COLUMNIST ON SANCHEZ DURABILITY IN CABINET

Cebu City VISAYAN HERALD in English 19 Sep 86 p 6

["Firing Line" column by Dominador Alcorido: "Sanchez, Powerful Man in the Cory Cabinet"]

[Text] For us, the powerful Cabinet member of the present dispensation is Labor Minister Augusto Sanchez.

Our documented reasons are as follows: Foremost he is the only minister who can call President Aquino's order regarding the creation of a special deputy labor minister for Cebu and Reg 7 as "lunacy."

The latest was Sanchez disclosure by calling President Aquino a "leftist" and even adding that "there are now many leftists in the government."

Furthermore, Sanchez continued by his own definition of a "leftist" he said: "You can call even Aquino a leftist. But you voted for her."

Even taking potshot at the "tendency of some newspapers to sensationalize, even fabricate news, to sell their newspapers."

All these we don't read or hear any rejoinder coming from Malacanang concerning the seriousness of Sanchez' public pronouncements vis-a-vis, against President Aquino's stature or better still, her national image to the Filipinos living here and abroad.

To our mind, those printed statements carried by prestigious newspapers are more than enough to clarify whether Sanchez was only "joking" or quoted out of context.

The silence of Malacanang on Sanchez' alarming quotations forced us to believe and choose the labor minister as powerful and untouchable among Cory's official family.

It appears he is co-terminus with President Aquino. Or, nobody can take his position even as temporary labour minister before finding one permanent replacement.

For us, it is high time that Sanchez ought to be sacked because our economic recovery is at standstill. The local and foreign investors are timid to "open their purse" so to speak, to alleviate our economic problem, because of Minister Sanchez.

To recall in the early days of Cory Aquino's assumption of the presidency, a high ranking US official had suggested that Sanchez should be replaced because he is too pro-labor and as such would attract not foreign investors in the country.

Could Cory's US visit change the minds of American investors? For instance, if in the meeting of businessmen there, the question is raised whether Sanchez is still around as labor minister, could Cory assuage their nagging apprehension on our controversial labor minister?

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CSO: 4200/59

PHILIPPINES

CEMENT FIRMS DEMAND DURANO OPERATION CLOSURE

Cebu City VISAYAN HERALD in English 22 Sep 86 pp 1, 10

[Article by Emm R. Espina: "Unpaid Debt--Durano Firm's Closure Likely"]

[Text] Universal Cement, owned by former Representative Ramon Durano may finally close by the end of the month.

These developed as three cement firms threatened not to pay the Development Bank of the Philippines (DBP) their partial loan payment unless Universal and her cement firm cease operations.

The three firms, APO Cement, Iligan Cement and Pacific Cement expressed consternation to the government bank's apparent failure to close the firm of Durano as agreed upon in the cement industry rationalization plan. The other factory being singled out for closure is Continental Cement.

Under the reorganization scheme, the cement firms have agreed to pay DBP in monthly installments. Those who were not able to do so were closed by the government bank. Three cement firms were closed under this plan. These were Floro Cement, Continental Cement and Island Cement, Floro voluntarily stopped operation while Continental chose to oppose the DBP order causing a court case which is until now unresolved.

Universal Cement, on the other hand, had earlier been ordered to stop operation but has reportedly been operating on and off.

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PHILIPPINES

SISON VISITS AUSTRALIA, THAILAND, PRESENTS VIEWS

Belittles Enrile, Coup Threats

Sydney THE AUSTRALIAN in English 11 Sep 86 p 11

[Article by Brian Woodley: "The Doctrine of a Marxist from Manila"]

[Excerpts]

COMMUNIST by nature but not by name — such is the peculiar position of Jose Maria Sison, the founder of modern communism in the Philippines, as he struggles to promote revolution without being thrown into jail again for his troubles.

Yet for all his coyness about just what it is he represents, Sison has been saying certain things on his Australian visit that may well find him in hot water back home.

For despite his avowed support for the presidency of Corason Aquino — as opposed to certain right-wing forces in the Aquino Government — on two vital issues, Sison and Aquino part company: the future of United States military bases and genuine land reform.

To a press conference, he maintained that the biggest problem facing President Aquino lies not with any coup attempt from the Right or Left, but with combating the "low-intensity conflict game" being waged by the "foreign master" — the US.

He said the US was out to "frighten and weaken" the Aquino Government and to maintain those weaknesses so the regime would always have to beg for US assistance.

He said Mrs Aquino would come under pressure on her forthcoming visit to Washing-

ton on several fronts, revolving around US desire to keep its bases in the Philippines operating beyond 1991; to increase the battle against the insurgents; and to comply with financial pressures from the "dictates" of such as the International Monetary Fund and the World Bank.

Bowing to these pressures would not win Mrs Aquino the Left's support, but she was "an intelligent political leader" whose moves on civil liberties were to be applauded.

Of the Right, he was scathing and contemptuous, particularly of his main enemy, Defence Minister Enrile who, Sison claimed to an audience of Sydney students yesterday, was quietly establishing a new right-wing party.

Enrile, Sison said, thought he could "ride on the line of rabid anti-communism".

"He's trying to become a tail of the fallen Marcos monster, which is still wriggling. Enrile is just a barking dog," Sison said.

The "military morons" would not attempt a coup because they could not move without US support, and the US would not give the "go signal" because it knew the backlash could spark a new, bloodier people's rising than the one that toppled Marcos.

Sison was more circumspect about the Left trying a coup, but he indicated plainly that the revolutionary movement was not about to disappear. Negotiations with the guerrillas involving such things as an amnesty and "rehabilitation" of the fighters, were just "things being dangled as possible benefits".

"I am just speaking as an academic speculator," he said, to knowing laughter from his student audience, then added that actions such as the dismantling of the US bases and a significant reduction in the budget and strength of the Philippines military (to be replaced by a constabulary) would be far more attractive to any hope of disbanding the NPA.

Neither did he answer directly when asked if he would return to the guerrillas in the hills if the present peace process fails, though he spoke of his ambition to settle down as a researcher and writer, and of declining any chance of running against Mrs Aquino for the presidency, which to him meant making the same speech all over the country, attending funerals, baptisms and weddings, and bargaining with his enemies — the US and the Filipino "semi-feudal" landowners and industrial barons.

Views on Revolution, U.S. Ties

Bangkok THE NATION in English 10 Oct 86 p 4

[Article by Richard Read: "Filipino Marxist Says Coup Unlikely in the Near Future"]

[Text]

PEACE talks will be jeopardized unless Philippine President Corazon Aquino releases a top communist leader, the founder of the Filipino People's Party said in Bangkok yesterday.

Jose Maria Sison, former chairman of the Communist Party of the Philippines (CPP), said Aquino should free Rodolfo Salas and Salas' wife and bodyguard, all of whom were arrested Sept 29 and accused of rebellion.

Aquino has refused to release Salas, identified variously by her government as chairman of the underground CPP and commander-in-chief of the rebel New People's Army (NPA).

"Why hold only three people and prejudice the development of a good thing like the peace dialogue?" Sison asked. "The arrest is quite disappointing."

Sison was in town to accept a SEA Write award for a book entitled "Prison and Beyond," which he wrote about the eight years he spent as a political prisoner under the regime of former President Ferdinand Marcos. The 47-year-old lecturer, who formed the Partidong Bayan party this year as what many believe to be the CPP's political arm, is generally regarded as a spokesman for the leftist movement in the Philippines.

Sison, who retained a good-humoured vagueness about his precise affiliations, responded to questions at a luncheon sponsored by the Foreign Correspondents Club of Thailand.

"I am now a plain member of the People's Party," he said, adding that he would neither confirm nor deny membership in the CPP. Sison said he had declined nomination to the presidency of the party he founded, preferring instead to remain as a member and concentrate on his educational work.

Sison took the occasion of the Bangkok appearance to share some predictions, philosophy and his visions for the future of the Philippines. In the process, he touched on topics ranging from feudal exploitation; to sensuality; to immediate prospects to be expected from peace talks between the government and the cause he termed the revolutionary movement.

"There could be certain limited but significant agreements on the way," Sison said.

Talks establish lines of communication that help ward off "vicious" Marcos elements that seek to restore a fascist dictatorship, he said. But little substantive progress can be made for the

country as a whole if the government persists in its failure to confront fundamental problems including feudal exploitation and foreign domination, he said.

Sison said he felt a coup d'etat was unlikely in the short term, in part because any action of the sort would have to follow a "green light" signal from the United States. Even then, a coup would likely be preceded by a two-year, two-stage process, he said.

"Maybe it will take one year for the Aquino Government to rot and stink because of the non-solutions of the problems of the Filipino people," he said. Subsequent military preparations would be expected to take another year.

Sison acknowledged that the possibility of a coup came ahead of the possibility of revolutionaries gaining the ability to seize power. But he said he would not be surprised if the revolutionary movement succeeded in the first half of the next decade.

Sison said the party he founded drew its base not from one class but from the peasantry, working and middle classes. He described it as neither an extension nor a rival of the CPP, rather as an organization that intended to breach the monopoly held by the upper classes over the legal process.

He differentiated the Filipino movement from revolutionary movements elsewhere.

"The Filipino revolutionary movement is developing in a way that is very different from the way that the Cambodian revolution developed," for example, he said.

The NPA and other Filipino revolutionary forces have been working step-by-step to bring a government in the countryside that will evolve ultimately to replace the government now seated in Manila, he said.

"The NPA combines armed struggle, agrarian reform and the building of a mass base," Sison said.

"I would advise the revolutionary movement to develop the Filipino way," he said. "It would not be good for the Filipino revolutionaries just to adopt one foreign model."

The revolutionary government of the future would actually encourage a middle bourgeoisie with an entrepreneurial core that could build national industry without the "blood sucking" of giant foreign corporations, Sison said.

Foreign monopoly firms could have reasonable relations with a Filipino revolutionary government as long as they refrained from demanding "extraordinary privileges" that would enable dominance of the economy, he said. In fact, a revolutionary government could maintain normal trade and diplomatic relations with the United States if Americans were not overly enraged by an end to their control of the economy, he said.

Sison, who said at the outset of his appearance that he was "still a Marxist," appeared to deviate from verbatim interpretations of traditional communist doctrine in a range of areas. Responding to a query about the traditional purism of revolutionaries, Sison quipped: "Sensuality is a fact of life."

The Constitution under draft by a government commission would be somewhat of an improvement over the country's 1973 Constitution, Sison said. The document features a bill of rights somewhat in conformity with liberal democratic standards, an assertion of national sovereignty and omission of arbitrary presidential powers such as search and seizure, he said.

But the new Constitution would be silent on the issue of the presence of US military bases. Nothing in the document would compel genuine and thorough land reform, he said.

Land reform is essential and must go hand-in-hand with national industrialization, Sison said. Perhaps if the peace dialogue continues, the revolutionary movement can push effectively for a genuine land reform plan, he added. Until such time, the new Constitution merely defines the parameters of feudal and foreign domination, he said.

With his customary air of detachment from specific organizations, Sison said that should he be in the position of advising the revolutionary

movement, he would recommend an educational campaign instead of outright opposition to the Constitution in a plebiscite. (The CPP has admitted a serious tactical error in urging a boycott of the February national election that eventually led to Marcos' ouster).

The main thrust of the movement should not be to define its own issues and instigate mass actions instead of merely reacting to initiatives launched by the United States and reactionary Filipino interests, Sison said.

Sison downplayed reports of dissension within the CPP. He credited the NPA with substantial recent gains.

"During the last six months, the NPA has gone on to net a large quantity of weapons through armed struggle," he said.

Government and US military planners look to the peace talks to produce a ceasefire that would allow them to retrain and consolidate a currently demoralized army that could then battle the resistance more effectively, Sison charged.

He denied knowledge of NPA finances and shied from a question about possible financing of the fighting force by foreign interests.

Sison, who holds a degree in English literature from the University of the Philippines, has taught English, political science and social science at universities in his country. He has authored a number of books and contributed to international journals.

Aquino released Sison shortly after she assumed power. Told of a recent statement by Marcos alleging Sison emerged from prison to lead a successful drive to broaden CPP power and targets, he demurred.

"I prefer to be modest and just a plain teacher," he said.

"Of course, I have the ambition of making the whole country my classroom."

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PHILIPPINES

MISUARI CALLS FORMER MNLF GUERRILLAS 'BACK TO ACTIVE DUTY'

Cebu City VISAYAN HERALD in English 23 Sep 86 pp 1, 10

[Text] Zamboanga City, Sept 22--The Bangsa Moro Army (BMA) of the Moro National Liberation Front (MNLF) is calling "back to active duty" all its former guerrilla leaders and followers who have returned to the government fold.

The so-called "rebel returnees" will be reactivated into the MNLF fold, MNLF chairman Nur Misuari said in an interview at Sacol Island here.

Misuari arrived here last week on the third of a series of consultation with MNLF members in the field. His first consultation-dialogue was in Mainbung, Sulu, and the second in Sumisip, Basilan.

When asked whether his former leaders will be returned to their former positions, Misuari simply replied: "We will find a place for them."

The MNLF heirarchy, he said, has decided on this move in the "spirit of the peace process." He did not elaborate.

Since Misuari arrived in Mindanao from a self-imposed exile in the Middle East, many former MNLF commanders were seen to have conferred or visited him in Sulu, Basilan and most recently, in this seaport city.

Some former commanders seen conferring with him are currently holding positions in the two regional autonomous governments of Western and Central Mindanao regions.

Filipino Muslim government officials who asked not to be identified have also been visiting Misuari only to "observe proceedings," Misuari said.

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THAILAND

CHAMBER OF COMMERCE HEAD VIEWS PRC TRADE POSSIBILITIES

Bangkok MATICHON in Thai 2 Sep 86 pp 1, 4

[Interview with Mr Amphon Bunphak, the president of the Thai-Chinese Chamber of Commerce; date and place not specified]

[Text] [Question] What are trade relations between Thailand and China like?

[Answer] Actually, Thailand and China have had trade relations ever since the Sukhothai period. These trade relations have continued right up to the present even though relations were interrupted for a time because of political reasons. As for the future, I think that trade relations between Thailand and the People's Republic of China will continue to expand.

In 1985, trade between Thailand and the People's Republic of China was as follows: Thailand exported goods worth a total of 7,367.14 million baht to China. These goods included raw sugar, smoked rubber sheets, mung beans, nylon thread, 25-percent rice, corn, tanned cow and buffalo hides, and other items.

The People's Republic of China exported goods worth a total of 6,075.27 million baht to Thailand. These goods included sola, or high-speed diesel oil, uncombed cotton, soybean meal, lubricating oil, cloth made of synthetic materials, and other items.

[Question] What obstacles are hindering Chinese investors from investing in Thailand?

[Answer] The obstacles confronting Chinese businessmen who want to invest in Thailand can be summarized as follows:

1. Chinese businessmen do not yet have a good understanding of the investment situation in Thailand. They have made the wrong choices concerning types of activities and investment partners. This has slowed things down and caused losses.
2. Chinese businessmen lack experience in carrying on joint business activities abroad. They have not studied the feasibility of certain activities. As a result, problems have arisen later on, particularly legal and tax problems.

3. They lack management skills. They are used to state enterprise activities carried on within the framework of a state-planned economy. Thus, they are not adept in working with foreign investors. They lack knowledge and understanding about economic matters.

[Question] What problems have Thai investors experienced in investing in China?

[Answer] That can be summarized as follows:

1. The time periods stipulated in the contracts are rather long. There are fears that China will change its policies.

2. Investors are unsure about China's policies, that is, they are not sure which types of activities can be carried on jointly.

[Question] Today, Thailand and China are competing for the same agricultural markets. What steps have been taken to solve this problem?

[Answer] We are both agricultural countries and so there are bound to be cases in which our interests conflict. Both of us want to sell our goods. That is natural. I don't know what action the government has taken on this. But merchants will undoubtedly continue their efforts to solve this problem. One thing that must be done is to prevent either country from gaining the advantage over the other. If one side always gained and the other always lost, what would be the point of trading? In trade, there must be profits.

[Question] What can Thailand do to expand its markets in China?

[Answer] Today, China is very strict about spending foreign currency to import goods. Thus, there is little chance that Thailand will be able to export consumer goods to China. The Chinese import companies often claim that the Chinese government does not permit the import of goods that can be produced domestically. At the same time, China tries to buy the goods that it needs from countries that offer the lowest prices or that China is supporting. Such countries include Japan and Taiwan (through Hong Kong).

China buys some goods from us. But it does so in the form of bartering for the sake of friendship. Take corn, for example, China produces much corn. But they still buy some corn from us in order to prevent too large a trade deficit. Actually, they have much larger quantities of goods than we do. And we can't beat their prices.

[Question] How interested is the Chinese government in welcoming new investors?

[Answer] As far as I know, it is not very excited. A new industrial zone is being opened at Zhen Chen. A large number of Thai have gone there to conduct surveys. But I don't know how much has been done. The Thai companies that invest there will have to be large companies. Small companies won't be able to do much.

Some people have said that if you invest there, you won't be able to get your money out. I have asked officials there about this, and they have said that the profits can be taken out. If people couldn't get their profits out, why would anyone invest there? This is an ordinary principle of trade.

[Question] What are the obstacles and problems in Thai-Chinese trade?

[Answer] We are both agricultural countries. We produce the same types of goods. The volume of trade will not be very large. The main item that they want from us is sugar, which we barter for oil.

[Question] What role does the Thai-Chinese Chamber of Commerce play in promoting trade between Thailand and China?

[Answer] Today, businessmen obtain data from the Thai Chamber of Commerce, which tries to answer their questions on these matters. They don't go through us very often. We do give suggestions. But we are not responsible for controlling anything.

[Question] What suggestions do you have for further improving trade relations between the two countries?

[Answer] In view of the fact that the Thai-Chinese Chamber of Commerce plays a role in promoting trade between Thailand and China, I would like to present a few ideas in order to help improve trade relations between these two countries. We should use a counter trade system. We should cooperate more concerning technology, construction contracting, and public relations. We should hold trade fairs in China.

[Question] Is China interested in investing abroad?

[Answer] Chinese companies will not invest abroad. But China will invest as a country. Today, construction bids have been submitted. The Thai government should invite Chinese businessmen to invest in Thailand. It's the government's responsibility to formulate an investment promotion policy so that investors know what the policy is. Also, various factors play an important role in facilitating the activities of investors and keeping them satisfied. Such factors include locations, roads, electricity, telephones, water, taxes, and safety.

Biography

He is now 77 years old. He was born in Thailand. However, he attended school in the People's Republic of China, where he studied trade. After earning his certificate, he returned to Thailand.

He is an expert on the rice trade. He served as the head of the Rice Purchasing Office and Rice Granary of the Thai Rice Company Ltd, which was established by the ministries of commerce and finance in 1940.

He established the Thai Food Company, which exports rice and upland field crops, and the Thai Fire Extinguisher Industry Company Ltd.

The Thai-Chinese Chamber of Commerce, which used to be known as the Chinese Commercial Association of Thailand, was founded in 1910 by a group of leading Chinese businessmen. Later on, it changed its name to the Chinese Chamber of Commerce and then the Thai-Chinese Chamber of Commerce.

Mr Amphon has been president of the Thai-Chinese Chamber of Commerce since 1962, a period of 24 years.

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CSO: 4207/2

THAILAND

JAPANESE OFFICIAL DISCUSSES EASTERN SEABOARD AID

Bangkok MATICHON in Thai 16 Sep 86 p 4

[Interview with Mr Saburo Okita, an advisor to the Japanese Ministry of Foreign Affairs; date and place not specified]

[Text] Mr Saburo Okita, the former Japanese minister of foreign affairs and now an advisor to the Japanese Ministry of Foreign Affairs, headed a Japanese delegation that visited Thailand on the invitation of the National Economic and Social Development Board in order to provide advice on Thailand's Sixth National Economic and Social Development Plan. They visited Thailand during the period 10-14 September. It is said that Mr Okita is different from other Japanese in that he is sincere about wanting to cooperate with Thailand in removing the obstacles that are blocking economic relations between the two countries. Also, of the several people from various countries who were invited to come give advice on Thailand's Sixth Development Plan, he is the only one who responded. MATICHON had a chance to meet with him and ask him about the Eastern Seaboard Development Project and National Fertilizer Project, with which Japan is providing financial assistance.

[Question] In negotiating with Thai officials, have you been able to reach an agreement or come to an understanding on the Eastern Seaboard Development Project?

[Answer] No, we haven't. My visit this time concerns cooperation in the future. Thai officials from various ministries have participated in the discussions. We have discussed not only the eastern seaboard project but also rural development and the promotion of Thai exports.

Based on my studies, the Sixth National Economic and Social Development Plan attaches great importance to promoting exports. Thailand wants to diversify its exports. That is, it wants to develop industrial goods, too. It has invited foreign investors to invest in Thailand. It wants them to transfer technology, not only in production but also in management and marketing. Thailand wants to improve the quality of its goods so that it can compete on

foreign markets. There are many things on which Japan can cooperate with Thailand. We have been asked to help develop Thailand's export potential and to purchase more Thai goods, such as vegetables and fruits. Besides this, Japanese tourists are being encouraged to come to Thailand, especially now that the yen is so strong.

We exchanged ideas on the eastern seaboard project. Japan realizes that Thailand is not yet in a position to reach an agreement on this project, such as making a decision on the amount of support to be given this project. Time is an important factor in this project. The question was not whether we would support this project. Rather, we argued about the nature of the project, particularly the matter of heavy industry, and when the project should get underway. But I have noted that the senior administrators agree that Thailand will have to have heavy industries, particularly export industries. These do not have to be heavy industries. This can include textile, electronics, and food processing industries. Thai officials realize that Bangkok is very crowded. There are traffic problems, and transport costs are rising. This is reducing its ability to compete on world markets. Thus, it is essential to begin the eastern seaboard project. The question is when to begin and how fast the work can be done.

[Question] If Thailand continues to vacillate over when to begin the eastern seaboard project, what effect will this have?

[Answer] We will remain neutral. We hope that Thailand will be able to reach an agreement by considering all the factors. As compared with 5 years ago, there has been great economic change. The price of agricultural products is depressed, and there is a debt problem, which affects the project. Also, the value of the yen has risen. We are watching to see how Thailand handles these problems. As for Japan, regardless of what Thailand decides about this project, we are ready to cooperate.

[Question] As for the eastern seaboard project, do you think that Thailand should implement a particular project first, such as the National Fertilizer Project?

[Answer] That is a complex problem. I think that we should wait and see what the government's policy is. There shouldn't be any pressure from outside. We realize that Thailand is now investing more in industry, particularly export industries. But there are certain basic industries that will be very important in the future. There are only a few agricultural countries with populations over 50 million people that do not have domestic fertilizer production plants. Thailand is one of the few that do not have such plants. I feel that if two or three other types of industries are established along the eastern seaboard, this will improve the prospects for this project.

[Question] Has Thailand asked about Japanese financial aid?

[Answer] Japan will provide support concerning lower-level structures. We do not support industries directly. We will let the private sector make those decisions by itself. We have recommended that various industries invest in Thailand. However, it is up to them to make the decision.

[Question] How long can Japan wait for Thailand to start the project? Have you informed Thai officials about this? Because Thailand has already made a decision on the project. The only thing is that it hasn't launched operations. Japan is very concerned about the matter of time, isn't that right?

[Answer] That is one of our concerns. But we understand the present situation. We will wait until the future seems brighter for this project.

[Question] Then the future of this project does not look very promising, is that how you feel?

[Answer] We know that project feasibility studies are now being done. We will wait for the results.

[Question] Do you intend to wait and see what happens?

[Answer] Yes. We will wait until Thailand is ready. No time limit has been set.

[Question] Has Thailand raised the issue of the yen rising in value in relation to the baht in view of the fact that Thailand will have to repay the money within the time stipulated?

[Answer] That was not discussed. However, we discussed the matter of Japan extending a loan through the OECF (Overseas Economic Cooperation Fund), with the loan made in dollars. However, this must wait until Japan changes certain regulations.

[Question] Are you referring to the regulation that stipulates that the OECF cannot extend loans in any international currency except the yen?

[Answer] That is one thing. Because our sources of money use the yen.

[Question] Now that you have met with Thai officials, how do you feel about the future of the National Fertilizer Project?

[Answer] The future of this project is still uncertain. Thailand is considering the effects of the changes in the present situation.

[Question] Did Thailand ask Japan to increase its investment in this project?

[Answer] The OECF wants Thailand to put up 30 percent. I don't know the details of this. But the IFCT (Industrial Finance Corporation of Thailand) will probably provide help.

[Question] As for the White Paper, Thailand wants Japan to cooperate in adjusting the economic structure. What do you think about this?

[Answer] We are very pleased that Thailand has set the direction of long-term aid.

[Question] Are there any projects in the White Paper that Japan can implement in the near future?

[Answer] We support having industries invest in Thailand. We support finding Japanese markets for Thai goods and increasing Thailand's efficiency in exporting goods. Improving Thailand's capabilities and labor force is very important.

[Question] Does the Japanese government have any industrial aid programs in which it will invest in other countries, particularly Thailand?

[Answer] You know that as far as Japan's economy is concerned, it is the private sector that is important. They can make the decisions themselves. We can provide indirect support. But we can't force anyone. If they feel that they can make a profit and that the future looks bright, they will invest here.

[Question] What help will Japan give in transferring technology?

[Answer] Japan can help in controlling standards. It can provide money and send experts. Private companies can do that, too.

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THAILAND

DEPUTY S&T MINISTER PHICHIT INTERVIEWED

Bangkok MATICHON in Thai 1 Sep 86 p 3

[Interview with Phichit Rattakun, the deputy minister of Science, Technology, and Energy; date and place not specified]

[Text] [Question] How do you feel about your new position?

[Answer] I was thrilled when I learned of the appointment. This is an honor. I am not worried about anything. Because basically, I am a scientist, and I have worked with the Ministry of Science and Technology ever since Mr Damrong was minister. I was on his personal staff. I helped formulate policy. Later on, I served as the deputy director of the Seed Engineering Center. Thus, I have been involved with both policy matters and actual operations. I also taught in the Faculty of Science, Chulalongkorn University. I'm not worried about anything.

[Question] In the field of science, what problems exist today and what can be done to solve them?

[Answer] From what I can see today, using science to develop the country needs special attention. There are two elements involved: 1. Management within scientific circles: This refers to personnel, organizational, resource, and financial management and to the targets to be used in research and development. Going into this in greater detail, these are the targets for establishing research and development organizations. Most of these are organizations that are already covered by existing regulations. The flexibility of the researchers who work in these organizations has been greatly restricted. Thus, it is very difficult to mobilize researchers from the private sector or capable researchers from abroad. Because of this, the present policy contains a new stipulation. That is, we will establish a central organization to develop science.

This central organization will have flexibility with respect to regulations. It will be able to recruit researchers to come do research and build. The name of this organization is the Seed Engineering and Biotechnology Center. This center will not be a government or state enterprise unit. It will be a central unit. Thus, the administrative regulations formulated by relying on this center will be more flexible. Also, we will allow the private sector to

participate in formulating research and development plans. This unit will conduct studies on both production and marketing, with the target being national development.

In the past, when conducting studies, our researchers often failed to consider the country's main problems and targets. As a result, there was a waste of personnel and money. But now, this central organization will provide guidance concerning the country's important problems, or the priority of the problems, and point the way in solving the problems.

This organization will not be tied to any particular unit. People in the private sector will be able to participate, too. As for administration and budgets, we are trying to increase the development budget. Today, only about 0.36 percent of the budget goes for this. In the developed countries or countries that use science and technology to develop the country, the budget for this is 2 percent of the country's GNP. We must take steps to increase this budget. Increasing the research budget will increase our self-reliance.

2. Setting research targets and directions: Today, our agricultural goods have flooded the markets. Thus, research must focus on solving this problem. One such item is cassava. Researchers must try to find ways to process our cassava to convert it into industrial goods. Some could be used to produce fuel alcohol, medicine, or feed, for example. To do this, targets must be set.

Once this has been done, research must help bring about practical benefits. In Korea and Taiwan, integrated use is made of the research results. In doing this, they allow the private sector to play a role in formulating the research plans. As a result, those in the private sector trust the research results and rely on these activities to bring practical results.

In the past, the private sector in Thailand has not really trusted the results of the studies conducted by our researchers. Thus, we have had to purchase "know how" from abroad. And when you purchase their "know how," you also have to purchase their equipment. It is the purchase of this equipment that is responsible for our huge balance of trade deficit. But we can't blame them. Because we, as scientists, have not been able to give them confidence as have foreigners. Thus, it is essential to involve them in the research activities.

An example is the Lever Brothers Company, which is involved in raising palm seedlings. They use knowledge gained from England. Thai researchers are involved in this. Mr Wirot Phutrakun is a member of the board of the Biotechnology Center. We want them to know that we can make use of the technology. This is the starting point. The important problem today is to put the research results to use.

Besides this, the Ministry of Science has a "revolving fund." This was started during the time of Mr Damrong. The purpose is to support the private sector and get them to use the funds to develop their research activities. That is, besides having the private sector participate in the work of the Ministry of Science, they must also carry on their own research activities. They must establish their own research units in their offices. We are waiting for

regulations to be promulgated in order to bring this about. At present, we have about 30 million baht in the revolving fund.

The STDB program is another program that will provide funds to the private sector to enable it to carry on its own research projects. At present, we are drafting regulations. Most will be loans. However, it will also be necessary to give suggestions on the direction of the research. We can't just give them the money and let them do whatever they want. Things should be ready by the end of this year. This is a joint Thai-American project. The United States has provided loans and grants. The Thai government has allotted money, too. Altogether, there is approximately \$49 million.

One of the projects started during the time of Mr Damrong is the Metallurgy Center. Today, the machinery and equipment ordered from abroad is very expensive. Even very small items are expensive. These are expensive because of the technology. The components are very expensive. Technology exists in Thailand, but it is scattered. Also, many of the educational institutes now have much expertise in metallurgy. Thus, we have to establish a center.

Scientific activities must bear fruit. I am not talking about having researchers do research and then file away the results. In my view, research results that sit on the shelf are useless. People in general may feel that science is something that is remote from them and that it cannot solve their "mouth and stomach" problems. But actually, science is very relevant to them. We will make an effort on three fronts: 1. to increase agricultural yields, 2. to increase the value of agricultural goods, and 3. to improve the people's standard of living, which includes energy and the environment. We will use the research results on these three fronts.

[Question] There are those who say that the position of deputy minister of science was established in order to provide you with a position, because you are the son of the party leader. Is that true?

[Answer] I don't think so. The work of this ministry is very important. Establishing such a position has been under discussion ever since the time of Mr Damrong. People have talked about establishing this position in order to assign tasks to help solve the country's problems, set limits on the work, and have flexibility. In some of the ASEAN countries, the Ministry of Science is a very important ministry. For example, they have separate ministries of environment and energy. But we have combined these in one ministry.

Take Korea, for example. They have been able to turn their country into a semi-industrialized country since the end of the war because of the way that they have used science and technology. As a result, everything has been systematized. Today, Korea no longer sells farm produce.

I would also like to mention goods. The world's added value is approximately \$27 billion. The United States is first, with a 17 percent share of that \$27 billion. Brazil ranks 16th, with just 1 percent. Thailand is not even ranked. If Thailand can reach Brazil's level, the added value of our goods will be at least 57 billion baht. That is better than selling agricultural products.

Those would be technological goods. Today, we cannot process our goods to produce industrial goods.

The reason why other countries can do this is that they have units that are responsible for scientific and technical work. They regard this as very important work. Today, people in Thailand, including economists, feel that unless we succeed in becoming technologically self-reliant, we will continue along the same old path forever. Unless we begin to rely on technology, we will remain stuck in this vicious circle.

At present, I am responsible for supervising the Institute of Scientific and Technological Research, the Office of Atomic Energy for Peace, and the STDB program. I am also responsible for the two new centers: the Seed Engineering Center and the Biotechnology Center.

It was essential that we have this position. This didn't happen just because I am the son of the party leader. I was selected by fellow party members. I came in fourth in the voting. Mr Marut was first, Mr Han was second, and Mr Suphachai was third. The quota for the central region was four people. And so I was one of those chosen. Party members vote to determine who will be given a portfolio. The fact that I am the son of the party leader puts me at a disadvantage.

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DEPUTY INDUSTRY MINISTER ON POLICY, CHATCHAI TIES

Bangkok KHAO PHISIT in Thai 1-7 Sep 86 pp 19-22

[Interview with Kon Thappharangsi, the deputy minister of industry by KHAO PHISIT; date and place not specified]

[Text] Mr. Kon Thappharangsi, a Thai Nation Party MP from Nakhon Ratchasima Province, has been appointed deputy minister of industry. He is a young politician with a bright future and so people should keep an eye on him. KHAO PHISIT interviewed him in his capacity as the deputy minister of industry in order to ask him about the industrial policies for which he is responsible and learn more about his political views.

[Question] Now that you have been appointed to the Ministry of Industry, is there anything that worries you?

[Answer] As far as the work in the Ministry of Industry is concerned, I am probably different from others in that I served as the secretary to the minister of industry in 1976, and I was an advisor to the minister in 1980. Stated simply, I am familiar with the Ministry of Industry's plans and units and with the scope of its duties. I am returning for the third time as deputy minister. The minister has placed me in charge of monitoring matters in the Department of Industrial Works, the Petroleum Authority of Thailand, and three smaller divisions, that is, the Industrial Economics Division, the Petroleum Industry Division, and the Heavy Industry Division. These three small divisions are all technical divisions. They don't have any power. I am not concerned about anything, because I am already familiar with my duties. And I already know many of the officials in the ministry.

As for what I want to do at the policy level, I don't want to bother or cause problems for the regular government officials. I want to help boost their morale so that they can work efficiently. I want to treat them fairly. At the same time, we will set policy for them. What the policy is depends on the issue and the specific situation. But as far as regular government officials are concerned, we will not harass or interfere with them as long as they carry out their duties correctly. That should put them at ease and increase their work morale.

As for the Department of Industrial Works, I will not get involved in the routine work of this department. It is the minister who is responsible for policy matters. My routine work will probably consist of ensuring that people who have requested a permit from the Department of Industrial Works are treated fairly. Such permits might include permits to build factories or permits to engage in various activities. Such matters must be handled expeditiously. That is a basic policy. This has been emphasized several times.

Another matter concerns requests to open and close factories. This, too, is routine work. It is the minister of industry who has the power to make the final decision, not the deputy minister. There is something new that should make those engaged in industrial activities feel better. That is, beginning on 1 January 1987, when requesting an extension for industrial activities.... Every factory must obtain an extension every 3 years. Around the end of this year and the beginning of next year, when people submit a request for an extension, their request will be put into a computer, and they will be able to complete the matter in 1 day. This is a new high light of the Department of Industrial Works. This should really please the industrialists. The policy is to not waste time. Because time is money. We can't let regular government officials allow their work to pile up. Much pressure must be exerted. If there are many data, we will introduce a computer system to help speed up things. These are my routine tasks concerning the Department of Industrial Works.

I am also involved in activities outside the department, such as the project to find water for industry in Samut Prakan Province and the project to establish a center to eliminate industrial waste. These two projects, which got underway during the previous administration, are at the policy level. They are in addition to my routine work. I will have to monitor these projects and follow through with them. The first project, which was approved by the cabinet on 29 June, will use land in the Nong Ngu Hao area. The old airfield will be used as a source of water to feed the industrial centers in Samut Prakan Province. I have ordered the Department of Industrial Works to conduct another survey in conjunction with the Metropolitan Water Works. Because from what I understand, the Metropolitan Water Works, too, is carrying on a project to supply water to industry in Samut Prakan Province. They have already formulated a plan and borrowed money. They already have projects. The Department of Industrial Works is now checking things. If the Metropolitan Water Works can supply water to the industries in Samut Prakan Province faster than the Ministry of Industry, we will not implement our project. It's not that we want or don't want to carry out the project. Rather, our only goal is to ensure that industries in Samut Prakan Province have a source of water. That is the goal. This has been a problem for the past 4-5 years. Within the next 2 years, the pumping of well water in that area must stop completely. We have already pumped too much well water. Within the next 2 years, the water will begin to turn brackish. Once that happens, it will no longer be possible to use this water for industrial purposes, because brackish water can damage the machinery. Thus, we must have pure, fresh water for industry. We have to ask the Metropolitan Water Works whether it will be able provide this water within the next 2 years in accord with its project. We have to know whether it will or will not be able to do this in time. Because the Ministry of Industry must carry out things in stages. The Department of Industrial Works will not

invest money itself. The private sector must invest in developing sources of water for the industrial plants in the Samut Prakan area.

As for the project to eliminate industrial waste, we are carrying on the project began during the previous administration. That is the policy. This is something that must be done in Thailand. We have to get rid of the industrial waste. We have to eliminate this waste properly using modern technology.

[Question] Some people have observed that although the Ministry of Industry plays a very important role with respect to industry, huge profits are involved, too.

[Answer] That probably concerns the matter of permits. I have already talked with officials about this. I met with the director-general of the Department of Industrial Works and the directors of the divisions subordinate to this division. I told them that this was routine work and that there shouldn't be any problems. The laws and regulations are quite clear about this work. If those in the private sector obey the laws and regulations, there won't be any problems. I told the director-general that if problems arise, it means that people have created those problems. Problems will not arise from the work. People can't blame this or that. The rules and regulations are already in place. The director-general said that he understands and that he agrees.

[Question] Does that mean that the issue of interests is not a problem?

[Answer] That shouldn't be a problem. If it is, it will stem from factors created by people.

[Question] People say that in some of the ministries in the Prem 5 government, the people responsible are not really suited for their positions.

[Answer] Which ministries?

[Question] The Ministry of Industry, for one.

[Answer] Which people aren't suitable?

[Question] In general.

[Answer] My question is, what are people using as the criteria for deciding whether people are suitable or unsuitable? That is the question that must be asked. The ministers are responsible for setting policy. They are not clerks. They are not divisional or departmental heads. There is nothing to measure this. But you should understand that the minister has much experience in the private sector. He is well-informed and knows the work. There are many people subordinate to the Ministry of Industry. But the minister does not say much. He is a quiet person. But he knows a lot, and he has much experience in this field. I think that he is a very suitable person. And it was the prime minister who appointed him. The prime minister evidently felt that he was suitable.

As for me, this was my field of study. I studied industrial arts. I have worked in industry. Let's let the results be the proof.

[Question] As a member of the new administration, what do you think that you can do to help solve the country's present economic problems?

[Answer] The economic problems concern the income and expenditures of the people. There are two problems today. The incomes of the people living in the provinces do not cover expenditures. For example, the money that they earn from selling their agricultural produce does not cover production costs. Another problem is unemployment, that is, people have expenditures but no income. We must analyze the problems in order to determine what we can do to solve these problems. We have not engaged in making generalizations about the country's economic problems. We have spoken clearly. If people listen, they will get a clear picture of what we plan to do to solve the problems of the rural people, what action will be taken to solve the problem of income being smaller than expenditures, and what will be done to solve the unemployment problem. We have a policy. That is, the private sector must begin playing a major role. Because in a free economy, the government can't do everything. Don't think that the government can do everything. Today, in 1986, in the private business sector, there are many people over the age of 40 who studied abroad. They have much knowledge and experience gained from competing with other countries. And they are learning more and more about how to compete successfully against other countries. The world is much smaller today. You can contact people at any time. Competition with other countries is very important. There are many knowledgeable people in the private sector who can help the country. They are clever people and know what is going on. We must let them carry on their business activities. The government must support and encourage them as much as it can. If we do things this way, we will be able to solve the problems. This will lead to the creation of many new jobs.

In short, it is the private sector that must take the lead with the government providing support. The private sector is much more flexible than the bureaucracy.

[Question] Does that mean that you think that the economy will improve?

[Answer] The economy is already improving. Interest rates are down. The price of oil has dropped. The government must help keep up their morale and enable them to carry on activities. That will definitely help stimulate the economy.

[Question] How do you feel about joining this administration in view of the fact that the Thai Nation Party was previously an opposition party?

[Answer] You have to understand that in our political system, we have to do our best regardless of whether we are in the opposition or part of the government. We have to do our best regardless of what our role is. Please understand that regardless of whether we are an opposition or government party, we are all Thai. We are all citizens of Thailand. Even though the political current may shift, it doesn't mean that we are any different from before. We are still Thai. Only our role has changed.

When the Thai Nation Party was the opposition party, we tried to play a constructive role. Every debate was a constructive debate. The parties that form a government must work ever harder to benefit the country. But in any case, we are all Thai. This is the line to which I have always held.

[Question] What about the fact that you once stood up in parliament and said that this and that person lacked skills?

[Answer] I have never said that anyone lacked skills. I have never said anything bad about another person. I hold to the principle that before we start criticizing others, we should first look and see if we have any bad points. Criticism should be made in a constructive manner, and it should concern the work.

[Question] What about the problems within the Thai Nation Party? Maj Gen Chatchai Churhawan has made you his political heir by appointing you minister. Hasn't this by-passed certain steps?

[Answer] There are two things involved here. First, I have never been designated as the political heir of Maj Gen Chatchai. Second, there was never any talk about me by-passing anyone when I was appointed minister. I was one of the founding members of the Thai Nation Party in 1974. If I by-passed anyone, it was in 1973, which was before this party was even formed. I served as the election director in Nakhon Ratchasima Province but did not run for election. I have always served the party. I ran for election in 1987 and 1988. Two other people who were founding members, that is, Mr Praphat Ithouthon and Sukhum Laowansiri, won this time, too. The others are all newer members.

[Question] There are rumors about a major split between the factions of Maj Gen Premwan Adirakawan and Maj Gen Chatchai Churhawan. Is this true?

[Answer] I think that things have been settled. Actually, there aren't any factions. Everyone has good intentions. Everyone wants the Thai Nation Party to have a bright future. And there are several paths that can be taken. The common goal is to have the Thai Nation Party be a part of the government. Both men have a common goal. But they have different ideas on how to reach the goal. That is up to each one. That is the right of each one.

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ASSIGNMENTS WITHIN MINISTRIES REPORTED

Bangkok KHAO PHISIT in Thai 1-7 Sep 86 pp 22-25

[Unattributed report: "Assignments Within the Ministries, If There Are Conflicts of Interest, Things Will Deteriorate"]

[Excerpt] The Prem 5 administration, which is composed of four parties plus one, announced the list of cabinet members on the evening of [illegible] August. Ever since then, there has been much "unrest" about the allocation of portfolios. The reason why there are problems is that General Prem appointed people from different parties to serve as ministers together in the same ministry. This was tried once before, the difference being that General Prem is allowing most parties to "take full control of the ministry." Thus, in some ministries, certain parties have "gained" or "lost" depending on who is "minister" of which ministry.

However, one of the basic points about the formation of this government is the great "disappointment" of the Democrat Party, which wanted to control the economic ministries in order to play the major role in solving the economic problems. But in the end, the only economic ministry given to the Democrat Party was the Ministry of Agriculture and Cooperatives.

"We were lucky to get even that. Our mistake was allowing them to name a prime minister first. Later on, we had to bargain hard for portfolios. We were lucky to get what we did in view of the fact that they don't want our party to grow politically," said Mr Sombun Chiramakon, the deputy minister of industry from the Democrat Party, to KHAO PHISIT about the formation of the Prem 5 administration. In forming this government, positions were assigned on the basis of "when it's his turn, it's his turn."

The Ministry of Agriculture, the Trump Card of the Democrat Party

Mr Prayut Siriphanit, the deputy minister of agriculture, who belongs to the Social Action Party [SAP] and who held this same position in the previous administration, walked out of a meeting while General Han and the other ministers were talking with Ministry of Agriculture officials. This showed his dissatisfaction over the assignments. Originally, Mr Prayut was in charge of the Department of Fisheries, the Government Cold Storage Organization, and the Fish Marketing Organization. In an interview, Mr Prayut expressed his

resentment against Gen Han Linanon, the minister of agriculture from the Democrat Party, who assigned these three units to others. Finally, to placate Mr Prayut, General Han had to take the Department of Agriculture away from Mr Suthep Thuaksuban, the deputy minister of agriculture from the Democrat Party, and give it to Mr Prayut.

Several SAP MPs from the northeast told FFAO PHISIT that Mr Prayut was upset because the Government Cold Storage Organization and the Fish Marketing Organization had been assigned to a minister from the northeast. He did not think that that was appropriate, because the northeast is not a coastal area. That may be true. But going even deeper, Mr Prayut was very upset by the fact that the Department of Agricultural Extension, the Cooperatives Promotion Department, and the Department of Livestock Development slipped away from him. On the other hand, Mr Prayut was glad to get rid of the Dairy Farming Promotion Organization of Thailand.

In short, in the Ministry of Agriculture, the SAP is very upset with the Democrat Party. As for the Democrat Party, both General Han and Mr Suthep hope to establish a "National Agricultural Council." Looking at the preparations that have been made, this looks like a distinct possibility. As for the Thai Nation Party, Mr Sanch Thianthong, another deputy minister, has said that he is satisfied with the work assigned him.

Ministry of Industry, the Shadow of Chatchai Is Quite Clear

Looking at the assignments in the Ministry of Industry, it can be seen that Mr Kon Thappharangi, a young Thai Nation Party MP from Nakhon Ratchasima, has been given very important tasks within the Ministry of Industry (see the accompanying table). This young MP is very close to Maj Gen Chatchai Chunhawan, the leader of the Thai Nation Party, the deputy prime minister, and the former minister of industry. Several of the daily newspapers have said that in this ministry, the deputy ministers have more work than the minister. And the tasks assigned to Deputy Minister Kon are all very important.

Actually, even though Mr Kon is still young, he is familiar with industrial work. He served as the secretary to the minister and as a ministry advisor during the period when Maj Gen Chatchai Chunhawan was minister in 1976 and 1980 respectively. He is responsible for the Department of Industrial Works and the Petroleum Authority of Thailand, which concerns "oil" and "energy." That shows how important his work is. Knowing how close Maj General Chatchai and Mr Kon are, the shadow of Maj General Chatchai becomes quite clear. Maj General Chatchai wants to supervise and have influence in this ministry.

Mr Sombun Chiramakon, a member of the Democrat Party, is another deputy minister of industry. But he is just an ornament. He was unable to obtain any important assignments.

Ministry of Interior, No One is Equal to Prachuap

Gen Prachuap Suntharangkun, the new minister of interior and former deputy prime minister, will, as expected, be directly responsible for the Department of Local Administration, the Police Department, the Department of Public

Prosecutions, and Bangkok Metropolitan. As for his skills and attention to detail in carrying out his duties, General Prachuap must be considered to be a "stickler." In the past, he served as director-general of the Police Department and deputy prime minister and was involved in "intelligence activities." This should help him in administering a large ministry such as the Ministry of Interior.

The four deputy ministers from the four political parties have all been assigned tasks in such a way as to maintain the prestige of everyone. Mr Wira Nualakphong is responsible for the same tasks as before plus the National Housing Authority. It is thought that this was fitting for the party secretary-general, who agreed to accept just a deputy minister position.

Communications, Democrats Fail to Obtain the Department of Highways

The interesting point about this ministry is that in his capacity as minister, Mr Banhan Silapa-acha, the secretary-general of the Thai Nation Party, controls all the important units. In his capacity as deputy minister, Lt Col Sanan Kachonprasat, the deputy leader of the Democrat Party, controls only the Harbor Department.

A news report stated that Lt Col Sanan asked for the Department of Highways, but the Thai Nation Party, through Mr Banhan, refused. The reason given was that regardless of the party, it is the minister who must control all the important positions. Assigning tasks is the responsibility of the minister.

Ministry of Commerce

After Police Cpt Surat Osathanukhro, the minister of commerce, the second most important person is Mr Prachuap Chaiyasa. The new deputy minister of commerce is a member of the Democrat Party. He is a well-known politician from the northeast. Mr Prachuap controls the Department of Internal Trade and the Department of Commercial Relations. He also tried to gain control of the Department of Commercial Registration, claiming that that would enable him to coordinate things better with the Department of Internal Trade. But after an argument about this, the minister, who is a member of the SAP, refused.

In an interview, Mr Prachuap said that working with Police Cpt Surat would not pose any problems. But only time will tell whether that is true. In particular, Mr Prachuap is a person who stands by his opinions. That is, he is very "sure of himself." If a conflict arises over some issue, it will be very difficult to end the conflict.

The General Picture, Results in 3 Months?

There shouldn't be any real problems in the other ministries. In particular, the minister attached to the Office of the Prime Minister won't have any problems even though some people may not be completely satisfied.

A former minister in the Prem 4 administration talked with HMO HHSST about assigning people from different parties portfolios in the new ministry. He said that within 3 months, it should be possible to see in which ministries

conflicts will arise. However, if the interests of the political parties do not conflict with each other too much, the best thing for the parties would be to compromise. "Even if the 19 opposition groups in parliament can vote their 115 votes as one group, it will be difficult for them to do much to the government. The survival of this administration depends on the coalition parties. We will have to wait and see," said this former minister.

Ministry	Name and Position	Responsibilities
Defense	ACM Phaniang Kantarat	Ministry of Defense
Agriculture	Gen Han Linanon, Minister of Agriculture	1. Office of the Secretary to the Minister, Rubber Estate Organization
		2. Office of the Under Secretary, Forestry Industry Organization
		3. Irrigation Department, Thai Plywood Company
		4. Forest Department, Office of the Rubber Replanting Aid Fund
	Mr Sanch Thianthong, Deputy Min of Agriculture	1. Department of Cooperative Auditing
		2. Department of Livestock Development
		3. Department of Cooperative Promotion and Dairy Farm Promotion
	Mr Prayut Siriphanit, Deputy Min of Agriculture	1. Department of Fisheries
		2. Land Development Department
		3. Department of Agriculture
	Mr Suthep Thuaksuban, Deputy Min of Agriculture	1. Department of Agricultural Extension
		2. Agricultural Land Reform Office
		3. Office of Agricultural Economics
		4. Fish Marketing Organization

		5. Government Cold Storage Organization
		6. Marketing Organization for Farmers
Communications	Mr Barhan Silapa-acha, Min of Communications	1. Office of the Secretary to the Minister 2. Office of the Under Secretary 3. Department of Land Transport 4. Department of Aviation 5. Department of Highways 6. Office of the Mercantile Marine Promotion Commission
	Mr Suraphan Chinwat, Dep Min of Communications	1. Post and Telegraph Department 2. Meteorological Department
	Lt Col Sanan Khachonprasat, Dep Min of Communications	Harbor Department
Finance	Mr Suthi Singsane, Min of Finance	1. Office of the Secretary to the Minister 2. Office of the Under Secretary 3. Fiscal Policy Office 4. Excise Department
	Mr Praphat Phosuthon, Dep Min of Finance	1. Treasury Department 2. Customs Department
	Mr Suphachai Phanitphak, Dep Min of Finance	1. Comptroller-General's Department 2. Revenue Department
Industry	Mr Pramuan Saphawasu	1. Office of the Secretary to the Minister

2. Office of the Under Secretary
3. Department of Mineral Resources
4. Industrial Standards Institute
5. Industrial Estate Authority
6. Offshore Mining Organization

Mr Kon Thappharangsi,
Dep Min of Industry

1. Office of the Under Secretary for
(1) Industrial Economics Division
and (2) Petroleum Industry
Division and the Office of
Industrial Development
2. Department of Industrial Works and
subordinate state enterprises, with
the exception of the Paper Mill
3. Petroleum Authority of Thailand

Mr Sombun Chiramakon,
Dep Min of Industry

1. Department of Industrial
Promotion
2. Office of Small Industries
3. Paper Mill

Interior

Gen Prachuap Suntharangkun,
Min of Interior

1. Office of the Secretary to the
Minister
2. Office of the Under Secretary
3. Department of Local Administration
4. Police Department
5. Department of Public Prosecutions
6. Bangkok Metropolitan

Mr Wira Musikaphong,
Dep Min of Interior

1. Department of Lands
2. Office of Accelerated Rural Development
3. Expressway and Rapid Transit Authority of Thailand
4. National Housing Authority

Mr Sukhum Laowansiri,
Dep Min of Interior

1. Community Development Department
2. Office of Police and Planning and tasks concerning Ministry of Interior budgets
3. Provincial and metropolitan water works authorities

Mr Montri Phongphanit,
Dep Min of Interior

1. Department of Public Works
2. Department of Public Welfare
3. Provincial and metropolitan electricity authorities

Mr Chalies Watraphuk,
Dep Min of Interior

1. Department of Town and Country Planning
2. Department of Corrections
3. Department of Labor

Commerce

Police Opt Surat
Osathanukhro, Min of
Commerce

1. Office of the Secretary to the Minister
2. Office of the Under Secretary
3. Department of Foreign Trade
4. Department of Commercial Registration

Mr Prachuap Chaiyasa,
Dep Min of Commerce

1. Department of Internal Trade
2. Department of Commercial Relations

Mr Chuchip Hansawat,
Dep Min of Commerce

1. Department of Business Economics
2. Insurance Office

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PARLIAMENTARY CANDIDATES' CAMPAIGN COSTS DESCRIBED

Bangkok MATICHON in Thai 13 Sep 86 p 7

[Article by Dengphong Phonlakhon: "Can a Candidate Who Spends Less Than 350,000 Baht Win Election?"]

[Text] I did not plan to write anything more about the election. But whenever I meet friends, they always ask me whether the 350,000-baht campaign spending limit stipulated by the law is enough. My response is that it is enough, but the candidate may not win. There is usually someone who is not sure and who asks whether that is really enough. And so I would like to explain this carefully in order to stop people from asking this question all the time and to have this serve as an example for those who want to play this game the next time.

Article 32 of the 1979 Election Act states that "no candidate's campaign expenses may exceed 350,000 baht, excluding the filing fee."

Actually, 350,000 baht is not a small sum. That is enough to cover campaign expenses. But I have to say that "any candidate who spends less than 350,000 baht has a very small chance of winning the election." There may be a few exceptions, but that is probably because they are special people. Or a miracle occurs.

For those who have never run for election, I would like to give you an idea of the expenses involved. The following is a hypothetical example based on fact. Suppose that there is an election constituency in the northeast that has three MPs. That constituency is composed of 7 districts, 85 subdistricts, and 900 villages. It has an area of 4,200 square km and a population of 1.2 million people. There are 800 election units. Expenses will be roughly as follows:

1. At least 1,000 pictures at 2 baht per picture: 2,000 baht.
2. Filing fee, 5,000 baht. Even though the law does not include this, each candidate must pay this fee.

Before discussing other expenses, I want to make sure that everyone understands that the election law stipulates that candidates must run as a team. That is, if a constituency has three MPs, a political party must field

three candidates, who should campaign together. They should share some of the expenses. But in fact, very few campaign as a team. Thus, I will apportion the expenses that are supposed to be shared in order to give a clearer picture of each candidate's expenses.

3. Cost of printing 15 X 20 inch and 10 X 15 inch posters for the three candidates using cheap paper and only one color: 15,000 baht per candidate for 30,000 posters of each size.

4. Cost of making 4 X 8 foot plywood poster boards: approximately 10,000 baht per candidate for about 100 boards.

5. Cost of renting pickup trucks equipped with loudspeakers and poster boards: 80,000 baht per candidate for 15 trucks at 400 baht per truck per day (including driver and gasoline).

6. Cost of making three types of campaign tapes for the 15 campaign trucks: 1,500 baht per candidate.

7. Near the end of the campaign, candidates must use motorcycles, plus drivers, to go here and there to obtain information and correct rumors and see if any of the posters have been destroyed or covered up. The cost of renting 7 motorcycles for 15 days at 100 baht per day is 3,500 baht per candidate.

8. Cost of hiring people to hang the posters and of assigning three people to each of the 15 vehicles for 40 days to carry out various jobs: 60 baht per person per day for total of 36,000 baht per candidate.

9. Personal expenses of candidate: Money must be entrusted to campaign aides to pay daily expenses, such as cigarettes, liquor, betel, sweets for children, and so on: 1,000 baht per day for 40 days for a total of 40,000 baht.

10. Expenses at district campaign centers incurred in receiving guests or canvassers who visit the center, including food, betel, cigarettes, water, transportation, medicine, and so on: 1,000 baht per day for each of the seven district centers for a total of approximately 93,000 baht.

11. Donations, social welfare and merit-making activities organized by district and subdistrict officers and village headmen, activities at temples and villages, and donations requested by people, which seems to be the fashion during the campaign season: Approximately 50,000 baht per candidate.

12. Cost of renting buildings to serve as temporary campaign centers and of purchasing tools and implements during the course of the campaign: Approximately 30,000 baht per candidate.

Just these 12 items alone come to 615,000 baht per candidate. If a candidate submits this amount to the provincial governor, he could be failed for up to 5 years, fined up to 50,000 baht, or both. And he would lose his right to vote for 5 years. Thus, candidates economize on items 9 through 12 in order to keep campaign spending within the legal limit and keep from going to jail.

However, expenses not included here are the expenses of the canvassers. In a large constituency such as this, the candidate must have at least 5,000 canvassers at 200 baht per person for a total of 1 million baht. The candidate must also purchase 65,000 votes at 50 baht per vote for a total of at least 3,250,000 baht. He must hire special vehicles to distribute this money during the night. This costs 120,000 baht for 100 pickup trucks at 400 baht per truck per night for 3 nights. The candidate must also spend at least 50,000 baht during the course of the campaign on parties for the canvassers and work teams who help distribute the money to buy votes.

Thus, to have a chance of winning the election, a candidate must spend approximately 5,035,000 baht. But that does not mean that every candidate who spends 5 million baht will win. How much the candidate has cut back on expenses and how much the other candidates have spent must be considered, too. And the final factor that must be considered is whether the candidate is bold enough to buy votes in full view of the election committee or government officials on election day.

Thus, I propose that we build a monument outside parliament to those MPs who spent less than 350,000 baht or repeal Article 32 of the election law. We are a democracy and so there should not be any limitations. Isn't that fair?

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POLICE CORRUPTION, POSITION-BUYING BECOMES ISSUE

Sitthi Claims, Incumbent Denies Problem

Bangkok NAO NA in Thai 6 Sep 86 pp 1, 16

[Unattributed report: "Sitthi Says That Police Department Is Soft, Claims That There Is Position-Buying But Has No Evidence"]

[Excerpt] The former minister of interior criticized the Police Department, saying that it is the only unit in Thailand that engages in despicable practices in transferring personnel. It has financial influence and power. It will be difficult to solve the problems. The new minister of interior said that he knows nothing about position-buying and that this is probably just a rumor. However, the director-general of the Police Department admitted that there may be some truth to this. Transfers will be considered on 9-10 September.

Gen Sitthi Chirarot, the former minister of interior, made the above statement to a reporter before going to attend a Senate meeting on the morning of 5 September. There have been reports to the effect that large sums of money have been paid to purchase positions. He said that this was a very depressing issue for him when he was minister of interior. Even the director-general of the Police Department has complained about this.

Gen Sitthi said that it is very difficult to obtain evidence on this. As for the stories that have appeared, those who buy and sell positions discuss things together. And so it is almost impossible to obtain evidence. During the time that he was minister, he tried to make rules in order to find a way to solve this problem. But that proved to be impossible with respect to that unit.

Gen Sitthi said that there are many honest police officials. Some chief inspectors have asked to be transferred because they cannot put up with what goes on in their present unit. They can't fight the influences in the Police Department. There are still good policemen, men who have a conscience. Policemen between the ages of 25 and 30 are changing the image of police officials for the better.

On the same occasion, Gen Prachuap Suntharangkun, the new minister of interior, said that the stories about position-buying are probably just rumors. He doesn't know the facts yet. The police are investigating in an effort to determine the facts about this.

Gen Prachuap said that in order to be fair to police officials, discussions have been held, and a committee has been formed to consider transfers. He has ordered the Police Department to give careful attention to this matter. The director-general of the Police Department is responsible for establishing this committee in order to ensure that all police officials are treated fairly concerning transfers and appointments. After the new lists have been considered by the committee, they will be submitted at the Police Department meeting on 17 October.

"Those who have been transferred this time will be capable people. The Police Department has criteria that it uses in considering people. The person must be a knowledgeable and capable person with seniority. These are the criteria that are used every year," said Gen Prachuap in conclusion.

Police Gen Narong Mahanont, the director-general of the Police Department, said that the reports on position-buying could be true. People want this and that position. When they don't get the position, there is talk. A committee has been established to investigate this and determine whether the reports are true.

The director-general of the Police Department added that secret settlements are sometimes made. However, this is also a matter of discipline. If evidence is obtained showing that an official purchased a position, he will be dismissed from government service.

Influence of Racketeering

Bangkok NAIID NA in Thai 6 Sep 86 p 4

[Editorial: "A Threat to Society"]

[Text] Gen Nitthi Chiramt, the former minister of interior, criticized the disorder in appointing and transferring police officials. He said that the Police Department is the only unit in which such despicable things occur. This is because both influences and money are involved with this unit.

This statement by the former minister of interior provides a clear indication of what the situation is like in the Police Department. This is not the first year that there have been reports about police officials buying positions. There have been rumors about this for several years. It has almost become a custom for officials who want to be promoted or transferred to another position to pay money to their superior officer. The amounts that must be paid have increased from 300,000 baht for an inspector's position, 500,000 baht for a superintendent's position, and 700,000 baht for a deputy commander's post to 500,000, 900,000, and 2 million baht respectively.

When police officers have to pay bribes to get promoted, there will be consequences for society. Officials will engage in corruption, and the laws will be meaningless. There will be no honesty or justice. It's said that in Bangkok Metropolitan, some inspectors have a net income of approximately 500,000 baht after deducting the money paid to their bosses and subordinates. Superintendents in some localities earn several hundred thousand baht a month. It is this dirty money that enables these corrupt officials, who have acted contrary to the ideal of being the people's protectors, to lay positions.

Besides position-buying, there have even been charges that merchants and casino operators play a role in the appointment and transfer of police officials. If a police official tries to carry out his duties resolutely, these powerful influences secure his transfer. Something worth noting is that while officials in other units are always pleased about receiving a promotion, some commanders in the Police Department take steps to keep from being promoted to assistant or deputy director-general of the Police Department.

The things that have happened in the Police Department will hurt the morale of those police officials who are trying to carry out their duties honestly. This poses a serious threat to society. Resolute action must be taken to solve this problem now.

Long-term Nature of Problem

Bangkok BIAN HAT SAKSA VICHAN in Thai 14 Sep 86 pp 23, 34

[Article by Thai Press: "Is Position-Buying in the Police Department Something New or Has This Been Going On for a Long Time?"]

[Excerpt] Every year, police officers pay bribes to buy a position. I think that this began even before Police Gen Ihae Siyuan became the director-general of the Police Department. But this has created such a stir this year because of the unprecedented sum of money that have been paid. And another thing is that some police officers with seniority who have been deputy superintendents for 10 years are becoming dissatisfied. They are aware that younger police officers who have engaged in corruption are using the money squeezed from the people to purchase a superintendent's position for themselves. Promotions are not given based on seniority. Even if they have scored the same achievements and have the same capabilities, they are passed over for promotion because they don't have the "money." They have no idea how many more years they will remain stuck in their present positions. Some wonder how junior police officers can be promoted to senior positions so quickly and suddenly become their superiors in view of the fact that they have much more seniority.

These conflicts, which have arisen from long-shouldering resentment among police officials, are much worse at the provincial level than at the metropolitan level. In distant provinces or at provincial police stations in farming districts, which the director-general of the Police Department knows little about and to which the newspapers attach little importance, the careers of the police officers stationed in these places seem very bleak. It is very difficult for them to win a promotion. At provincial police stations in

extremely remote districts where the people are very poor, if a police officer doesn't find some money to secure himself a transfer, he will remain there forever. But it is not easy to squeeze money from the people in such places. The people are already very poor. Where could they get money to pay off the police?

Thus, police officials like to work in provinces or districts where the economy is fairly good and where there are merchants, leading citizens, rice mills, bars, nightclubs, casinos, and brothels, such as in Ban Pong District in Ratchaburi Province or in Hat Yai, Chiang Mai, and Udon Ratchathani. Everyone wants to be stationed in these places. If you try to assign them to Kalasin, Buriram, Sisaket, Loei, or Udon, they will complain bitterly. No one would pay a bribe to be assigned inspector or chief inspector in one of these provinces.

A friend of mine who is a chief inspector told me that even if you don't want to pay a bribe, you have to. He said that "prices are very high this year. To secure a transfer to a locality where the economy is thriving, you have to pay 200-300,000 baht for a deputy chief inspector position. For a chief inspector position, you have to pay at least 300,000 baht. A deputy superintendent position is selling for 400,000 baht, and a superintendent position will cost you 700,000 baht. Next year, a superintendent position will probably cost 900,000 to 1,000,000 baht."

How does that strike you? Does hearing that make your hair stand on end?

A police major makes about 7,000 baht a month, a police lieutenant colonel makes about 8,000 baht, and a police colonel makes about 9,000 baht. That's hardly enough to make the end payments. If they don't squeeze the villagers or become involved with controlled goods, where could they possibly get the huge sums of money necessary to buy positions during the annual reshuffle?

Are there any police officers who come from wealthy families and whose parents have given them the money to purchase these positions? If all they have is their monthly salary, how could they afford to own large pieces of land and live in huge houses? The Office of the Commission to Combat Corruption should investigate these people. This ought to give other officials pause for thought. Or is the OCCC afraid that it won't find any evidence and that these police officials will sue for libel? That is doubtful. It's ridiculous.

I think that before a person is commissioned as acting police sublieutenant, he should be required to provide a list of his assets. Or the assets of officers should be audited once every 3 years. That would show which police officers are wealthier than their relatives warrant. And in cases in which a person has actually become poorer after joining the police force, steps can be taken to provide welfare services so that these people can live as befitting a Thai police official.

Police officials should not be allowed to oppress the people. Police do everything they can to oppress the people, even buying bottles of Lipo. I feel ashamed every time a taxi driver says "this type of drink is for 'Ma Ta' in particular."

Sources Describe Job 'Selection' Process

Bangkok IAK THAI in Thai 13 Sep 86 p 18

[Unattributed report: "Position-Buying in the Police Department? Prices Are Like Those at a Gold Market"]

[Text] A major story about the Police Department today describes position-buying in the department, with people paying up to 500,000 baht for a chief inspector position, 700,000 baht for a superintendent position, and 1 million baht for a commander position. These prices are much higher than last year. Last year, the amounts paid to buy those positions were 300,000, 500,000, and 700,000 baht respectively. During the rush in 1984, the prices paid for these positions were only 200,000, 300,000, and 500,000 baht respectively. It can be seen that the price goes up the higher the position.

Position-buying in the Police Department, which has become a custom, is done in a variety of ways. After a person who wants a particular position has reached the required grade and rank, he will go and see someone, usually an aide, who is close to the person who has power in making transfers. Or he may go and see a military officer who has power. Sometimes, people secure the position through members of the mass media who play a role in the Police Department. In every case, they offer them a "reward."

"In the past, those promoted to inspector usually chose the locality. But now being promoted to chief inspector is enough even though the localities are not all the same," said a news source to IAK THAI. He said that the most sought after localities are Bang Rak, Phaya Thai, Bangkok Noi, Bangkok Yai, Wattana, and Phra Phang. The cost of a position at one of these police stations is rather high, because there are many places of entertainment, and it doesn't take long to recoup your "investment."

The second most popular areas are Lat Phrao, Bang Khun, and Khung Tiao. These are cheaper at such places as the Bang Phongphang and Lat Sorn police stations, because the places of responsibility are not very good. That is, these are not very good locations for picking up extra money.

As for how police officials recover their capital after buying a position, it's quite common for the owners of various businesses to pay bribes on a regular basis. Some places of entertainment, such as bars and cocktail lounges, commit minor infractions, such as staying open beyond the legal time, and need the cooperation of police officials. If they fail to pay the bribe, their business will not survive. They will be harassed by being arrested, and their business will soon fail. Thus, it is quite common for these people to pay monthly bribes to the police officials who facilitate their activities.

"Suppose that there are 1,000 businesses in a locality and that each one pays a bribe of 2,000 baht a month. Think how much money that is," said the news source. He said that the average amount depends on the official's rank. Lower ranking police officials receive less. Senior officials receive more. And some

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lower-ranking police officials try to pick up some extra money on their own, such as by demanding money from small businessmen who don't pay bribes on a monthly basis.

There are several stages in securing a "golden" position. This involves the divisions, bureaus, and, finally, the Police Department. The most difficult step is buying a superintendent's position. That's because the person appointed to this position must be approved by the Police Committee. Thus, bribes must be paid to several different people. That is different from the chief inspector level.

"Securing a command position is very difficult, too. Because at the Police Committee meeting, the person submitting the name must explain why he is proposing that this person be appointed and show that the person has the necessary qualifications. If the committee refuses to approve his appointment, there may be trouble later," said the news source.

Every year just before the annual reshuffle in October, there are reports about people trying to buy chief inspector, superintendent, and commander positions. And this year there are rumors about people spending huge sums to buy positions. Police Gen Narong Mahanon, the director-general of the Police Department, has formed a police transfer review committee. After considering the proposed transfers, the committee will submit the names at the Police Committee meeting. This review committee is composed of Police Lt Gen Wasit Detchakurthong, Police Lt Gen Sawaeng Thirasawat, and Police Lt Gen Thao Sarasin, who serves as chairman.

Even though Police Gen Narong Mahanon is so worried about this problem that he has established a review committee, this does not mean that the problem will be solved completely. This will help solve only part of the problem. It will not put an end to position-buying. There will be position-buying every year.

Bribes Paid for Police Jobs

Bangkok IAK THAI in Thai 18 Sep 86 p 57

[Interview with Gen Sitthi Chirarot on 5 September at the home of Gen Sitthi]

[Excerpt] [Question] There is now much talk about the matter of police transfers.

[Answer] Yes, there is. They used to talk about 3-5-7. But now it costs 700,000, 900,000, and 1 or 2 million baht to buy these positions.

[Question] There should be an investigation. Besides those who pay the money, an effort should be made to find those who accept these bribes.

[Answer] How can you conduct an investigation. There isn't any evidence. According to regulations, you have to have grounds for conducting an investigation. But in such cases as this, there are no grounds for conducting an investigation. Can you find any evidence for me? I looked for evidence for a long time. I tried for 4 or 5 years but couldn't find any evidence. There

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are only rumors. No one dares come forward. Secret settlements are made. I have talked with the police about this and said that there is probably some truth to this. Otherwise, there wouldn't be all these rumors. But those who know what is going on don't dare reveal the identity of those involved. I have had to leave the Ministry of Interior. There are rumors that a reward, a Mercedes Benz, was given. That's what people are saying. That's amazing. Show me the evidence. This matter gives everyone a headache. We need evidence. In such cases, a libel suit is no trifling matter. I had hoped to obtain evidence in at least one such case. During the past 3-4 years, I had hoped to win one such case. But I couldn't do anything. No one was willing to work with me on this. They profit from this. Why would they want to help me? People don't make payments for nothing. They wouldn't stand for that. If they don't get what they want, the money is returned. And so there is no evidence.

After I left my position, a police officer came and told me that he didn't dare come to see me before out of fear that people would think that he was trying to buy a position. There are good policemen. There are many of them. After I left my position, several good police officers came and chatted with me. I have learned the truth. Being on the outside is more useful.

Sitthi on Bribes. 'Good Policemen'

Bangkok SU ANANJOT in Thai 8-14 Sep 86 pp 15-17

[Unattributed report: "The 3-5-7 Police Transfer Formula: Who are the PM's Who Are Selling Positions?"]

[Text] In a statement concerning the buying and selling of police positions, Gen Sitthi Chirarot, the former minister of interior, who left this position just recently, said that "there is no way to solve this problem" and that it is very difficult to obtain evidence on this.

According to the original schedule, the list of police officers being appointed deputy commander, superintendent, and deputy superintendent was to be submitted to the Police Committee at its meeting on 3 September. But this was suddenly postponed even though the bureaus and commands had already submitted their lists to the Police Committee.

At that Police Committee meeting, it was decided to establish a work committee to review the lists submitted by the various bureaus and commands before the lists are considered by the Police Committee. This was done in response to all the rumors about police officials buying positions. The chairman of this review committee is Police Lt Gen Phao Sangsan, the assistant director-general of the Police Department for special affairs. Committee members include Police Lt Gen Sawaeng Thirasawat, the assistant director-general of the Police Department for suppression, Police Lt Gen Wasit Intakulthong, the inspector-general, and Police Maj Gen Thawat Thuythothayon, the commander of the Personnel Division.

"There is no evidence about bribes being paid, because these transactions are handled in secret. If we do obtain a piece of evidence, we have to determine whether it is correct. If we do obtain factual evidence, action must be taken.

The Police Department must protect its reputation. If this is true, it will be very embarrassing," said Police Gen. Marjory Mahabon, the director-general of the Police Department, about why this committee has been formed. He admitted that "people do make every effort to secure a position, but we have to find out whether they are doing anything improper."

The fact that the director-general of the Police Department has admitted this and found it necessary to establish a special committee to review the list of appointments indicates that something is wrong concerning this year's appointments of police officers at the level of deputy commander and deputy superintendent.

The steps in transferring a police officer are as follows: The matter is first considered by each bureau or command. The lists are then admitted to the Police Department committee in charge of considering annual appointments. The next step is to admit the lists to the Police Committee.

There are widespread rumors that this position-buying system at the bureau or command level, with people paying from a thousand and hundreds of thousands of cash for a position. In particular, it is known in police circles that the price formula for three important positions, that is, Inspector to superintendent, has been 3-5-7. And that refers to hundreds of thousands of cash, not tens of thousands. This year there are rumors that the amounts have decreased greatly, with the formula now being 2-4-6.

It is also said that bribes are paid at the department level, too. In particular, police officers close to senior police officials whose duties concern appointments and transfers make use of this opportunity to act as intermediaries in securing appointments for people. In doing this, they make use of their close relations with these senior officers. What is even worse is that senior officers in positions of power act like the mafia and sell positions themselves. If these senior people participate in this directly, the person is assured of getting his position. They will gladly pay whatever they have to regardless of how high the price has risen.

A report from within the department states that position-buying goes on at all levels from bureau or command on up, but the chief culprits, the real mafiosa, are in the department. These people hold high rank, and their duties concern crime. Thus, it is easy for them to pick up extra cash every year.

There is a feared network of senior officials who work together closely. This is the so-called "black network," the former minister of interior, who was known to be an honest official, said that it will be very difficult to solve this problem.

In reaction to the action taken by Police Gen. Marjory, who assembly postponed consideration of new appointments and formed a committee to review the lists, a special investigation committee has recently been established to find out who is behind the position-buying. This committee was headed by police officers in the police force sector.

A high-level news source in the Police Department said that the review committee headed by Police Lt. Gen. Han Yu composed of honest police officers. They will act resolutely, because their interests are not tied to the position-buying mafia. The director-general of the Police Department has entrusted them with the task of restoring the reputation of the Police Department.

The news source said that this committee obtained the transfer lists and began reviewing them on 3 September. If impartiality, seniority, and other factors are used as the criteria for selection based on the principles established by the Police Department, about 70 percent of the names on these lists will have to be changed.

"From what I understand, this committee is very worried, because it doesn't know whether its findings will be considered during the next step. Everyone knows that the members of this mafia wield great influence. They will definitely not allow the appointments to be announced based on the recommendations of this committee, that would cause turmoil among those who paid bribes. Because 70 percent would be affected," said the news source about the progress made by this committee and its concerns.

The news source added that another concern of this committee is that if the final results are not in accord with the committee's recommendations, there will be much criticism from the mass media. Because if appointments are made based on the original list, it will be fairly easy to see who was involved in position-buying. In the end, it will be the review committee that will be attacked. The committee will become the scapegoat for the policy.

"The mass media won't know what changes the review committee made. When the list is considered for the final time, the old list may be the one actually approved. If things turn out that way, the review committee will be the victim," said the news source.

The same thing is true for the Intelligence Committee that was turned in order to get to the bottom of this. The news source said that it may find itself in a predicament just like the review committee. Because neither the review committee nor the Intelligence Committee has any real power. Even if they should get to the bottom of this, the problem is whether they would be able to submit a report implicating these people.

The discouragement felt by a person of the stature of Yan Dazhi, who gained a reputation for not fearing anyone, is a good indication of the influence wielded by this mafia. And what will the position of the review and intelligence committees be like when the list of appointments is finally announced? After the Police Committee holds its meeting on 17 September, we will know for sure who the victims are, because it will be very difficult to reveal the identities of the position-buying mafia. This will probably end with the death of the "victims," not the heads of the mafia.

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THAILAND

EDITORIAL SHEET INCOME DISTRIBUTION GAP WIDENING

Bangkok NABO NA in Thai 13 Sep 86 p 4

[Editorial: "The Sixth Plan"]

[Excerpts] The cabinet is scheduled to meet on 15 September to discuss the Sixth National Economic and Social Development Plan. This plan will be in effect from 1 October 1987 to 1991.

Even though the Fifth Plan stressed income distribution, the actual outcome was far wide of the mark. What has actually happened is that as we have developed, the gap in society has grown wider and wider. Only a handful of wealthy people have benefited. Middle-class and poor people have encountered more and more problems.

As for the Sixth Plan, even though it talks about income distribution, nothing concrete is said. It talks mostly about solving the country's problems that have been piling up for years. Thus, the plan focuses on solving the immediate economic and social problems instead of building a foundation for future development. The problems that are the focus of attention are the country's debt and unemployment. During the next 5 years, the goal is to have the private sector play an important role in investment. That is, the private sector's share of investments will total 70.4 percent. The government will try to withdraw from the state enterprises. It will lower the foreign loan ceiling to only 26 billion baht per year and create 3.9 million new jobs.

Gen Chawalit Yongchaiyut, the RTA CINC, said that the important thing that determines whether or not a country turns communist is whether there is a fair distribution of income. Hunger is not the determining factor.

We hope that the cabinet discusses the problem of income distribution at its meeting this coming Monday. We hope that it discusses ways to bring about real fairness in society. The best way to ensure national security is to assure the people that their standard of living will improve.

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THAILAND

EDITORIAL FAULTS GOVERNMENT ON TRADE MANAGEMENT

Bangkok MATICHON in Thai 5 Sep 86 p 6

[Editorial: "The Trade Policy, Living From Hand to Mouth"]

[Text] Even though we have been through the crises caused by the Jenkins Bill and the Farm Act, it seems that we have not really learned the lessons concerning international trade. Otherwise, the crisis over the fact that a great power such as the United States has dumped corn and sugar onto world markets would definitely not have alarmed merchants, exporters, and the Thai government as much as it has.

The government has various units that are responsible for international trade either directly or indirectly. Such units include the Department of Foreign Trade in the Ministry of Commerce, the Economic Department in the Ministry of Foreign Affairs, and the Foreign Agricultural Relations Division in the Ministry of Agriculture and Cooperatives. And so why has this action by the United States come as such a surprise? It seems as if there was no inkling of this and that the government was not warned of this by the units concerned.

As a result of this, the image of the government and the units concerned, which are filled with people who have foreign degrees, is one of great incompetence. Because in the end, the government's immediate solution is to do the same thing that it has done in the past, that is, form a committee to study the matter, which is like chasing your shadow. The grand image of the government is one of a modern company. But when you remove the outer covering, which is just a pretense, it becomes obvious that it is no different from a small merchant who works from day to day without bothering to make any plans for the future.

What is more, whenever an attempt is made to establish a committee to deal with the economic and international trade crisis, the bureaucracy and the actions taken by the state help the merchants and exporters more than the farmers even though people always talk about the farmers.

On the day that it announced its policy, the Prem government said that the methods of modern business administration will be used to improve the national bureaucracy. That can't be done to serve and benefit just the exporters, influential businessmen, and government. This policy must consider the

interests of the entire nation and all the people, particularly the poor farmers. Otherwise, state power and the bureaucracy will not represent the masses, which is what is claimed. Instead, they will just be the tools of a few interest groups.

In the face of today's international trade crisis, the government must take steps to modernize the structure of the state and the state mechanisms that concern international trade and increase efficiency. These units must be the brain power of the state in carrying on international trade, with the goal being to increase the economic security of the country in general. They must not function as the tools of a few groups of businessmen. Only then will it be possible to say that the government has implemented a fair policy.

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THAILAND

EDITORIAL FAULTS STATE FIRMS' MANAGEMENT FAVORITISM

Bangkok NABO NA in Thai 16 Sep 86 p 4

[Editorial: "State Enterprise Administrators"]

[Text] A new phenomenon has cropped up in Thailand recently. That is, whenever there is a change of government, the state enterprises managers are changed, too. It has almost become a custom to change the state enterprise managers whenever the ministers in charge of those state enterprises are replaced.

In the past, most state enterprise managers were former senior military officers or civilian officials. They were appointed manager of a state enterprise in compensation for their goodness or to help a friend find a job. In appointing these people, no thought was given to their abilities or to how suited they were for such a position.

After politics turned to the political party system, the appointment of state enterprise managers changed. These senior military officers and civilian officials became board members instead of managers. Those appointed managers were members of the political parties. Thus, whenever a party lost control of a certain ministry, the managers of the state enterprises under the control of that ministry were changed.

A few days ago, the director of the Express Transportation Organization of Thailand resigned from his position, claiming that he had been pressured to resign. There have also been reports of a conflict between agricultural ministers who belong to the Democrat Party. One faction feels that the director of the Marketing Organization for Farmers should be replaced. The other faction disagrees. As for the Public Warehouse Organization, a new deputy director has been appointed from the Social Action Party.

With the exception of just two or three state enterprises, the appointment of state enterprise managers is just the same as in the past. Knowledge, capabilities, and experience are given little consideration in choosing managers. Instead, just as in the past, they are appointed to compensate them for their goodness and to help friends. As a result, most of the state enterprises are suffering greater and greater losses. They are sources of personal profit just as in the past.

In general, if the state enterprises have capable administrators, it is unlikely that the state enterprises will suffer losses or cause problems for the country. The only exception are the public services. Thus, the way that state enterprise managers are selected should be changed. The ministers should no longer be allowed to appoint people from their parties. Instead, there should be a committee to search for professional administrators. They should be hired on contract for a specific period of time and made responsible for the results of their administration. There should be a probational period so that if they are not capable of handling the work, changes can be made right away instead of allowing them to continue causing great damage as has been the case.

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THAILAND

SOUTHERN CPT APPEALS TO UNEMPLOYED YOUTH, GIVES TRAINING

Bangkok MATICHON in Thai 13 Sep 86 pp 1, 2

[Excerpt] On 12 September, Lt Gen Wanchai Chitchamnong, the 4th Army Region commander, stated that on 7 September the 4th Army Region had sent forces to seize a communist terrorist base camp in Palian District, Trang Province, that was being used to train youths. This camp was located in the mountains approximately 50-60 km from the district seat. In the camp, officials seized pictures of youths whom the communist terrorists had persuaded to come for training. In the pictures, the youths looked very happy and enthusiastic.

Lt Gen Wanchai said that 20-30 youths were being trained at this camp. They were not communist terrorists. They were unemployed school graduates. The communist terrorists had persuaded them to come to the camp, issued them weapons, and given them some training, which satisfied these high-spirited youths. The weapons training lasted 2-3 days. They were then sent back to the towns and told that they would be called back for further training later on. The 4th Army Region is trying to solve this problem by establishing subdistrict youth centers.

Col Banchon Chawalasin, the 4th Army Region spokesman, told MATICHON that the army had learned of communist terrorist efforts to attract youths around the middle of July. But it was not possible to confirm this until after camps were seized and members of the Communist Party of Thailand (CPT) surrendered at the end of August.

Col Banchon said that the communist terrorists mobilized youths by promising to build each of them a house and pay them a monthly salary and telling them that they could lead free lives. From questioning a number of the youths who had joined the terrorists, it was learned that: 1. They were youths who had family problems. They came from poor families, and they didn't have jobs. They were trying to find a way to help themselves. 2. They were eager to learn and see things for themselves. They were influenced by the propaganda and were proud of having a chance to fire a rifle. Because youths in general don't have such an opportunity.

Col Banchon said that on 24 August, the 42d Thahan Phran Irregular Regiment in Trang Province seized a camp used to train youths in Phrong Charakhe Subdistrict, Yan Ta Khao District, Trang Province. The camp was located in a

thick forest in the mountains along the border between Phatthalung, Trang, and Satun provinces. This camp was set up by communist terrorists subordinate to Comrade Anek, or Ek. His real name is Mr Piya, or Pet, Damchum. There were about 10 men in his group. They had set up a camp in this area in order to recruit members. The targets of their recruitment activities were youths.

Col Banchon said that about 10 youths participated in the weapons training and training seminars on communist ideology provided by Comrade Anek's group. Most of the youths were males between the ages of 14 and 18. After this camp was seized, this group fled and set up a new camp. Later on, they surrendered, because they could not bear the difficulties.

"Based on the analysis made by the 4th Army Region and the Region 4 ISOC [Internal Security Operations Command], these youths did not believe in communism. It was poverty and unemployment that forced them to do this. It is believed that there are many other youths in the same situation who are being led astray by the communist terrorists. Thus, we are trying to coordinate things with the other units concerned in order to keep an eye on the youths who lack an education and who are unemployed. We want to solve this problem," said Col Banchon. He added that carrying on suppression operations and arresting people is not the way to solve this problem.

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CRMA CLASS 8'S ROLE, CHAWALIT'S FRIENDS DESCRIBED

Bangkok SU ANAKHOT in Thai 1-7 Sep 86 pp 10-13

[Unattributed report: "CRMA Class 8 Generals, Big Chiu's New Card"]

[Text] CRMA [Chulachomklao Royal Military Academy] Class 5 officers have almost reached the top of the military pyramid, and, as a result, they have now moved farther away from the divisional power base. For the past 2 years, this class has controlled more divisions than any previous class, with 10 members holding divisional commands. Even though certain important divisions, such as the 1st King's Guard Division, are still commanded by members of CRMA Class 5, this year is the turn of CRMA Class 8 generals, who have begun taking control of divisions.

The Era of CRMA Class 8 Generals

Actually, even before this year's military reshuffle, many members of CRMA Class 8 had already reached the rank of general. This includes Maj Gen Narutdon Detchapradit, the secretary of the army, Maj Gen Kamon Udomsin, the secretary of Supreme Command Headquarters, Maj Gen Kittirattanakul, the commander of the 5th Division, Maj Gen Wattana Sanphanit, the commander of the 1st Special Forces Division, and Maj Gen Yuthasak Sasiprapha, the secretary of the Territorial Defense Department. And in this year's reshuffle, many other members of this class will be promoted to general on 1 October.

As for class solidarity, it is said that along with CRMA classes 1, 5, and 7, Class 8 is another class that has strong unity. It does, however, differ from these other classes in that the class is divided into two distinct factions based on their closeness to the power poles.

For example, Maj Gen Kamon Udomsin and Maj Gen Narutdon Detchapradit, the first two members of Class 8 to be promoted to general, are thought to be close to Gen Athit Kamlangek. Gen Athit assigned both of them several very important political tasks. They are so close to him that it is thought that they will almost certainly be replaced as secretary of the army and secretary of Supreme Command Headquarters after Gen Athit retires this year. The other faction of CRMA Class 8 is very close to Gen Chawalit Yongchaiyut.

However, looking at Class 8 as a whole, which has always shown solidarity and followed closely behind CRMA Class 5, it comes as no surprise that the divisional commands have gone to members of Class 8 now that Class 5 members have become army region commanders and deputy commanders. But looking at this more closely, the question is, which faction of Class 8 will enter the "golden age" now that the army has a new commander?

Big Chiu's Move Is To Control CRMA Class 8

The key men of CRMA Class 8, including Col Banthit Marai-arisan, the deputy commander of the 1st Division, and Maj Gen Yuthasak Sasiprapha, have worked very closely with Lt Gen Phichit Kunlawanit during the time that he has commanded the 1st Army Region. During the events of 9 September 1985, no one would ever have guessed that Gen Chawalit and Gen Thianchai Sirisanphan would use the 11th King's Guard Infantry Regiment instead of the 1st King's Guard Infantry Regiment as the main base in suppressing the rebellion. At that time, there was much talk about why Gen Chawalit had not used the 1st Regiment as the headquarters for suppressing the rebellion in accord with the Bangkok peacekeeping plan already formulated.

There is also the matter of Lt Gen Phichit arriving at rebel suppression headquarters late. It is said that he arrived late because he went to the 1st Regiment to deal with the situation. At a meeting of senior officers from the 1st Army Region held after the rebellion was suppressed, Lt Gen Phichit asked why the 1st Regiment had not been used as suppression headquarters in accord with the plan. He said that he had immediately gone to the 1st Infantry Regiment to deal with the rebellion.

At that time, the 1st Infantry Regiment was commanded by Col Banthit Marai-arisan. The 11th Infantry Regiment was commanded by Col Arphan Sawetserani. One explanation can be found by looking at the sudden transfers that occurred within the 11th Regiment just prior to the 9 September rebellion. Col Phet Wattanaphuti, the commander of the 11th Regiment, was suddenly transferred from the regiment and made chief of staff of CRMA. He was replaced by Col Amphon. But what is strange is that both Col Phet and Col Amphon are members of CRMA Class 8. But delving deeper, it can be seen that Gen Chawalit was behind that sudden transfer and that "trust" was the issue.

Looking at the events of 9 September, even though Col Banthit and Col Arphan were both members of CRMA Class 8, Gen Chawalit chose the regiment commanded by Col Amphon. This indicates that "trust" was the issue here, too. There are several other members of Class 8 to whom Gen Chawalit has entrusted important tasks. One of these is Col Araphan Wattanawibun, the deputy commander of the 1st Special Forces Division, who has been made operations chief of the northern narcotics suppression project, a project for which the United States has provided funds. Also, Class 8's first two divisional commanders, Maj Gen Kitti Rattanachaya, the commander of the 5th Division, and Maj Gen Kittna Sanphanit, the commander of the 1st Special Forces Division, were appointed senators on 28 July.

This means that CRMA Class 8, whose star is shining brightly, has been under the control of Big Chiu ever since members of Class 8 became regimental commanders and began waiting their turn to become divisional commanders. It is Class 8 members who will replace Class 5 members as divisional commanders, who are close to Big Chiu but who are now being promoted to army region commands. What this means is that Big Chiu will have a firm base of support at the divisional level during his tenure as RTA CINC.

Profile of Class 8 Divisional Commanders

Even though Maj Gen Wimon Wongwanit, the present commander of the 1st King's Guard Division, will be appointed commander of the Special Warfare Command, he will be replaced by another member of CRMA Class 5, that is, Maj Gen San Siphon, the commander of the 2d Division.

Maj Gen Mongkhon Amphonphisit, a member of CRMA Class 9, is slated to move from Ban Sisao and take command of the Kanchanaburi-based 9th Division, an important division that has played a major role, too. What is interesting is whether Col Manat Aramsi, the deputy commander of the 2d Division, will be the Class 8 member who takes command of the 2d Division. This seems quite likely in view of the fact that Col Manat once served as commander of the 21st Queen's Tiger Infantry Regiment.

There are several members of Class 8 now serving as deputy divisional commanders who are in line for a divisional command. Among these are Col Araphan Wattanawibun, the deputy commander of the 1st Special Forces Division, Col Chuphan Trachu, the deputy commander of the 5th Division, and Col Rutthai Nirobon, the deputy commander of the 1st Cavalry Division. All of these have a good chance of being promoted to general and appointed divisional commander. Col Araphan, in particular, has worked closely with Gen Chawalit in operations ever since Gen Chawalit was the assistant army chief of staff for operations and Col Araphan was the commander of the Chiang Mai-based 5th Special Forces Regiment, which was involved in narcotics suppression activities along the border.

The Thanom-Praphat Link, the Class 8 Concrete Bridge

Recently, Gen Chawalit appointed a special army advisory team. Members of this advisory team include Field Marshal Thanom Kittikhachon and Field Marshal Praphat Charusathian, both of whom once held senior positions in the Thai army. It is said that one reason why Gen Chawalit has appointed this special advisory team is that he wants to learn from the experience of these senior people. He wants the opinions of these people, who achieved real success in forging unity within the military. In particular, the period that field marshals Thanom and Praphat were in power was the last time that the army had real unity. Ever since they lost power following the events of 14 October 1973, the army has never had real unity. As a result, the army has fallen under the control of other power groups. And so it seems that Gen Chawalit also hopes to use the military prestige of these senior people to help restore unity within the army.

Field Marshal Thanom, in particular, has close relations with some of the key men in CRMA Class 8, including Maj Gen Wuttasak Sasiprapha and Col Somphop Attanan, the commander of the 1st Infantry Regiment, who is his son-in-law. This will also help cement relations between Gen Chawalit and CRMA Class 8.

The CRMA Class 1 Base Is Still Strong at All Levels

As for transfers that seem fairly certain, at the level of full general, CRMA Class 1 members Lt Gen Santhorn Kiamrongsong will be appointed assistant RTA CINC and Lt Gen Wanchai Rungtrakun will be appointed army chief of staff.

At the level of army region commander, Maj Gen Chaichana Tharichat will become the 3d Army Region commander. Lt Gen Charnal Wongsayan will be promoted from his present position as assistant army chief of staff for civil affairs to deputy army chief of staff. Maj Gen Panya Singsakda will be promoted to lieutenant general and appointed assistant army chief of staff for operations.

Those who will remain in their present positions include Maj Gen Ngamphon Nutsathit, the assistant army chief of staff for intelligence, and Lt Gen Kasem Sanguanachatsornkrai, the assistant army chief of staff for logistics.

Gen Chawalit has tried to avoid the appearance of promoting fellow members of CRMA Class 1 to all the top positions. For example, he did not push to have Maj Gen Panya made 4th Army Region commander and will let him rise in stages, that is, he will have to serve as deputy army region commander first. But even so, at the level of general and lieutenant general, Class 1 members hold most of the important positions.

CRMA Class 5, Still Holds the Card

Everyone is watching to see how happy the members of CRMA Class 5 are with the results of this year's military reshuffle in view of the fact that several things have not gone according to plan.

First, Maj Gen Isaraphong Nanghakul had hoped to move from the position of deputy 2d Army Region commander to the position of 1st Army Region commander. But Maj Gen Wattanchai Wattalari, the deputy commander of the 1st Army Region, will become the 1st Army Region commander, which, it cannot be denied, is the proper sequence. It seems that Maj Gen Wattanchai has received much support from Lt Gen Phichit, the present 1st Army Region commander who will become the assistant RTA CINC. Thus, Maj Gen Isaraphong will become the 2d Army Region commander.

Maj Gen Winon Wongwanit, another member of Class 5, will become the commander of the Special Warfare Command, or 5th Army Region. What Class 5 should be very happy about is the rapid advancement of a key figure who has controlled army operations. It is said that Lt Gen Suchinda has already reached an agreement with the army commander. Next year, the position of army chief of staff will become vacant when Lt Gen Wanchai is made chief of staff officers. Lt Gen Suchinda will then be appointed army chief of staff, the first man in his class to be promoted to full general. He will then be in line to become the RTA CINC.

CRMA Class 8, Big Chiu's New Card

Even though this year's list of military appointments was prepared before the election, in order to keep this from causing too great a sensation, the promotion list has not been officially announced. Some of the appointments will be announced first, particularly the names of those being appointed to Supreme Command Headquarters. Gen Athit will retire on 31 August and ex Admiral Supha Khotasani will be appointed supreme commander on 1 September.

Looking at the plan, elements of which have already been revealed, it can be seen that CRMA Class 8 is replacing CRMA Class 5 as Big Chiu's trump card. This is because Class 5 is approaching the top of the pyramid. That, it is essential to place trusted members of Class 8 in lower-level positions. Members of CRMA Class 8 are in command of key regiments. For example, the three infantry regiments of the 1st Infantry Division are commanded by members of Class 8. Those are Col Sorghot, the commander of the 1st Infantry Regiment, Col Amphon, the commander of the 11th Infantry Regiment, and Col Nattas Bunyasit, the commander of the 31st Infantry Regiment.

Members of Class 8 have also begun replacing members of Class 5 at the divisional command level, although some divisional commands are still held by members of Class 5. And members of CRMA Class 9 are beginning to reach this level, too.

The cards held by the RTA CINC include not only CRMA classes 3 and 5 but also CRMA Class 8, his new card.

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THAILAND

GENERAL PHICHIT'S ALLIES, POLITICKING DESCRIBED

Bangkok SU ANAKHOT in Thai 26-31 Aug 86 pp 10-13

[Unattributed report: "'Big Sua' Hasn't Gone Anywhere; a New Step That Must Be Watched"]

[Excerpts] On 22 August, 11 senators submitted an urgent motion charging that Mr Wira Musikaphon had made a campaign speech that violated Article 6 of the Constitution. This motion has definitely enlivened the political atmosphere at the start of the Prem 5 administration. This may make people think that the present political situation is similar to that in 1983 when the military tried to have the constitution revised. Senior military officers in the Senate played a leading role that time, too. It should also be noted that as a result of the Wira case, "Big Sua" [Lt Gen Phichit Kunlawanit], who has been quiet ever since the events of 9 September 1985, has begun playing a political role again.

Ever since the events of 9 September, Big Sua, who used to be so outspoken, has played such a different role that people have been asking, "Where has Big Sua gone?" But now, it is clear that Big Sua hasn't gone anywhere. He has just been waiting for the right time to start playing a role again.

Lt Gen Phichit, the Acting Assistant RTA CINC

In the 1986 annual military reshuffle--the lists were prepared even before the July 27 election--Lt Gen Phichit Kunlawanit, the 1st Army Region commander, will be promoted to full general and appointed assistant RTA CINC effective at the end of September. There had been rumors that Lt Gen Phichit would be promoted to general and appointed deputy chief of staff officers in Supreme Command Headquarters. But because the gods are still smiling on him and because he has kept quiet these past several months and kept his weak spots concealed, he did not have any trouble gaining the position of assistant RTA CINC.

Looking into the future, according to the 1986 promotion list, Lt Gen Wisit Mobut, the 2d Army Region commander, will be promoted to full general and appointed deputy RTA CINC at the end of September. He will retire in 1 year, that is, at the end of September 1987. That means that one of the assistant RTA CINCs will have a chance to become deputy RTA CINC next year to get in

line to take over the top position from Gen Chawalit Yongchaiyut, the present RTA CINC. The only question is which assistant RTA CINC will be promoted to deputy RTA CINC. Because according to this year's promotion list, beside Lt Gen Phichit, Lt Gen Sunthon Khongsomphong, the commander of the Special Warfare Command, or 5th Army Region, will also be promoted to full general and appointed assistant RTA CINC.

The Tiger [Sua] Has Been Hiding in the Cave Ever Since 9 September

From the standpoint of the overlap between the military and politics, Lt Gen Phichit has been an important commander and played a prominent role ever since he became the commander of the 1st Royal Guards Division. At the beginning of 1983 when senators appointed from the military launched a movement to revise the constitution, then Maj Gen Phichit gained special prominence when he uttered the well-known word "exercise." Following that, he played a more and more important role, mirroring his rise in the military, where he was promoted from commander of the 1st Division to deputy commander of the 1st Army Region and then 1st Army Region commander.

Lt Gen Phichit was the spearhead in the movement to secure a 1-year extension, that is, from October 1985 to the end of August 1986, for Gen Athit Karlaengk as RTA CINC and supreme commander. Lt Gen Phichit stopped playing an active role following the events of 9 September 1985. Publicly, in his capacity as 1st Army Region commander, Lt Gen Phichit played an important role in suppressing this rebellion, along with Gen Thianchai Sirisaraphan and Gen Chawalit Yongchaiyut. Lt Gen Phichit played a major role during the negotiations with the rebels, who finally agreed to lay down their weapons. Two "peace envoys" were sent to negotiate with the rebels. The two people sent were two colonels who were very close to Lt Gen Phichit: Col Phuraphong Sapphakphisut, or Staff Officer Hank, a staff officer then assigned to the RTA CINC, Gen Athit, and Col Thamarat Yuyong, a staff officer assigned to the 1st Army Region commander, Lt Gen Phichit. Finally, the rebel leader agreed to surrender in return for safe passage out of the country. He was accompanied by another officer close to Lt Gen Phichit, that is, Col Noraset Ieamngkan, who, it is said, went along as a hostage.

At the same time, no one knew the identity of "Mong" (the hooded man), who was supposed to have come to the aid of the rebels. And so rumors spread quickly about several senior officers. Lt Gen Phichit was one of those frequently mentioned in the rumors. He was "beaten black and blue" and withdrew to his "cave" in order to lick his wounds and take shelter from the storm.

Behind the Split With the Senior Officer

It is well known that following the events of 9 September, a split occurred between Lt Gen Phichit and the senior officer who had always been his ally. This was because this senior officer tried to make Lt Gen Phichit the scapegoat by identifying him as "Mong." This made Lt Gen Phichit's aides very angry. A colonel who served as a staff officer to the 1st Army Region commander told an aide to this senior officer that he was going to retaliate against this officer. That was why this colonel was quickly transferred. This, too, had a great effect on Lt Gen Phichit. As a result, there was a complete

break between Lt Gen Phichit and this senior officer. After that, Lt Gen Phichit remained neutral and did not lean toward either power pole in the military.

Lt Gen Phichit did not get involved in the movement to secure a second 1-year extension for Gen Athit. At the same time, he tried to forge a link with the other power pole after having been estranged from these people for so long. During the time that an effort was being made to secure a second extension for Gen Athit, whenever Gen Chawalit participated in an activity, Lt Gen Phichit was always present. At the same time, he stopped engaging in political activities completely. He refused to express opinions on political matters, claiming that he was a student at the National Defense College.

Big Sua Hasn't Gone Anywhere

Lt Gen Phichit said that he participated in submitting the motion because he is a king's guard officer and special aide-de-camp. He also said that this was his duty under the law and that this was done in a democratic way, that is, action was taken through parliament. As for whether this will force Mr Wira to resign his position as minister, Lt Gen Phichit said that he was not in a position to answer that.

A military news source in the 1st Army Region said that Lt Gen Phichit kept quiet during the past period after evaluating the situation and realizing that that was not the right time to play a political role. As a result of this, Lt Gen Phichit's military position has not been affected by the political storm and his relations with Gen Prem have remained strong. Thus, in the recent military reshuffle, which will take effect in October, Lt Gen Phichit was promoted to full general and appointed assistant RTA CINC. And he will turn over his present position, that is, 1st Army Region commander, to a trusted officer, Maj Gen Wattanachai Wutisiri. In this reshuffle, Gen Chawalit tried to adhere to the principles. As a result, suitable deputy army region commanders were promoted to army region commander.

Now that he has passed through the storm unharmed, Big Sua will probably take a new step, a step that should be watched closely. Because a new deputy RTA CINC will have to be appointed next year. And the person who gets that position will have a good chance of succeeding Gen Chawalit as RTA CINC.

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THAILAND

COLUMNIST: GENERAL PHICHIT GETS MONTHLY PAY FROM BUSINESSSES

Bangkok THAI RAT in Thai 12 Sep 86 p 3

[Good Morning column by Mangkon Halep: "Military Officers and Interest Groups"]

[Text] Civilian officials and military and police officers may not want to become acquainted with merchants and interest groups, but there is no way to prevent these merchants from becoming close to senior military officers or politicians who hold important positions. That is their "job." It is their "duty." Just as a monk who is filled with greed is not a real monk, a merchant who is not greedy is not a real merchant. Not all merchants who become close to senior military officers or important politicians do this to gain special privileges. Sometimes they just want to be treated fairly and be on a par with other merchants. What is important about this is whether these government officials are aware of their own limits and are honest.

I would like to talk about one senior military officer. I want to talk about his honesty in dealing with merchants. Gen Phichit Kunlawanit, the new assistant RTA CINC, is the officer whom I would like to talk about today. After he was appointed 1st Army Region commander 2 years ago, a liquor company offered to pay him 15,000 baht a month. The man who brought the money talked very politely, saying that "it is not my intention to trouble you. It's just that my company has budgeted entertainment funds for several senior people. I will give you this amount each month."

It Gen Phichit, the 1st Army Region commander at that time, said that "I can't accept that. I don't know how I could help your company. Take the money away." The man said that several senior people were accepting payments. Lt Gen Phichit replied that "if your intention is to do me a favor, I must thank you. But instead of giving me the money, please give it to Thai Heart Association for me. You said that you would give me money every month. Please give the money to the officials of this association every month."

The official from that liquor company said: "Sir, I think that 15,000 baht is a very small sum to give to the Thai Heart Association. I will ask my company to increase this to 20,000 baht a month. That will earn us merit."

As a result, this liquor company, whose logo is a bird, donated money to the Thai Heart Association for 2 full years during the time that Lt Gen Phichit Kunlawanit served as 1st Army Region commander. This is an honest way out that senior officials in general should use.

Earlier, I said that there are times when there is no way to avoid having contact with interest groups. There is nothing wrong with that. A monk, for example, may be asked to perform a ceremony at the home of a wealthy person or merchant. The important thing is whether we disassociate ourselves from what is evil and, like the new assistant RTA CINC, do what is right.

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PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

HOANG TUNG DISCUSSES IDEOLOGICAL WORK, 27TH SOVIET CONGRESS

Hanoi GIAO DUC LY LUAN in Vietnamese No 5, May 86 pp 7-13

[Article by Hoang Tung: "Concluding Remarks" (Footnote) (Excerpted from the speech concluding the All-Vietnam Propaganda and Training Conference by Hoang Tung, the Secretary of the CPV Central Committee)]

[Text] During the past 3 days, our conference has worked with a lofty concept of responsibility and a spirit of urgency and seriousness. Dao Duy Tung presented a report from the Department of Propaganda and Training of the Central Committee reviewing ideological work in 1985 and pointing out guidelines and tasks for ideological work in 1986. Le Duc Tho came and spoke at the conference. Nguyen Duc Tam disseminated the policies of the CPV Central Committee on self-criticism and criticism and making preparations for party congresses at the various echelons. Ha Xuan Truong discussed literature and arts during the past period. Many comrades signed up to express their opinions, but because of time limitations, only 18 people could speak. More than half of the provincial and municipal ideological leaders from various zones throughout the country participated in discussions, analyzed the situation, and made suggestions on many problems that must be examined and solved. Those in charge of ideological work at the central organizations, too, had many things that they wanted to discuss, but they will have to save their ideas for some other time.

As for what was achieved at the conference, we can concentrate on three points. First, the draft directive on ideological work, which was in accord with the spirit of the guidelines given by the Secretariat and the Political Bureau, was supplemented with many good ideas, and virtually all of the delegates attending the conference were in agreement on the directive. Second, even though the ideological situation is different in each locality and at each objective, the comrades expressed strong opinions, particularly concerning the price, wage, and monetary policies and concerning shortcomings and mistakes. However, these were honest and responsible opinions that had been weighed carefully. From this, it can be affirmed that our party's ranks of ideological workers are strong even in times when the situation is not normal. This is a sign of their maturity and strength. Their concerns are all legitimate concerns. The party shares these concerns. Moreover, who can remain indifferent in the face of the common difficulties? What is good is that there hasn't been any confusion anywhere. Third, the statements made by Le Duc Tho

have been of great help. Following this conference, we will have sufficient reasons to answer many of the important questions. At our conference, Le Duc Tho applied the motto of the "entire party engaging in ideological work" as formulated by the leaders, who have set an example. He discussed many problems that are closely related to the pressing requirements of ideological work. His speech provided an excellent basis for ideological work in the coming period. I think that even though Le Duc Tho used very simple words, what he said was very profound. Some things were easy to understand, but some points will require much thought if we are to understand them thoroughly.

I am in agreement with the concise and adequate conference conclusions reached by Dao Duy Tung. He was correct when he said that self-criticism and criticism cannot be carried on for just a few months. This must be done regularly with a serious attitude. The party regards criticism and self-criticism as a principle in party activities.

As many comrades said, our country is facing many difficulties, and the complex situation is affecting the people's confidence in the party and state. However, with the concept of responsibility, clear conscience, and alert mind of communists, our party can correct the mistakes, meet the challenges, and continue to advance the people's revolution. We have exchanged ideas frankly in order to reach unanimity on an evaluation of the basic situation regarding our country's revolution and on the ideological situation within the party and society. In different units, ideas and understanding will change at different rates because of the effects of unstable prices. The lives of the cadres, workers, civil servants, and members of the armed forces will continue to be difficult. Thus, there will be differences when analyzing the situation. The complexity of the situation is compounded by the revolution. No matter how many problems arise, we must take time and test things through practice if we are to clarify things and reach unanimity. The truth is always alive and specific.

The resolution of the 8th Plenum of the CPV Central Committee clearly marked a step forward by our party, a step of revolutionary significance, in eliminating bureaucratic centralism and state subsidies, developing a new economic accounting mechanism, and building socialist business enterprise. There are a number of new problems concerning theory and practice that must be analyzed comprehensively. For example, there are many different ideas on the market and price problems. If the state cannot maintain the essential materials and strategic goods, it will be impossible to control prices and stabilize the markets. On the distribution and circulation front, there is much confusion at the markets. In carrying on ideological work, we often try to simplify things. Many of the explanations are one-sided. The dialectical method is not used, and we are not skilled in analyzing the conflicts. Changing the economic management mechanism is not a simple matter. It is a very difficult process of reform. Since the 6th Plenum of the CPV Central Committee (Fourth Term), only parts of the new mechanism have been put in place. The old mechanism has not been completely eliminated.

This year and in coming years, a major task in ideological work is to carry on propaganda activities to explain the new mechanism in conjunction with introducing and implementing good experiences at the test sites. Replacing the

mechanism is an important and complex revolutionary movement. It may take 10 years to solidify and perfect this. Without the participation of the masses, nothing can be accomplished. One mistaken view that is held by many people is that the social revolution ends once there is public ownership of the means of production. But the revolution does not take place just during times of class struggle. After a system of public ownership has been established, the mass movement to replace the old and make innovations is a social revolution in new conditions. It is the moving force of history. The new mechanism cannot be built on empty ground. It must be established based on eliminating the old mechanism. This is a difficult struggle, because the old mechanism has vitality. It was formed in production and business and is embedded in the thinking, psychology, and habits of millions of people. The revolution in the Soviet Union took place almost 70 years ago. But today, efforts are still being made to build good economic thinking and a modern economic psychology. The old mechanism is the mechanism of bureaucratic centralism and state subsidies. It is in conflict with the principle of democratic centralism, which is the correct operating principle of a communist party and socialist state. Planning, the special product of a system of public ownership, coordinates unified centralism of the national economy in the common targets of all of society with decentralization, that is, with decentralizing things and delegating powers to the echelons and sectors, particularly the primary-level units. The enterprises and cooperatives must be independent concerning production and business if the collective ownership rights of the masses are to be manifested. The revolution must be carried on at the bottom and not just by fiat from above. Lenin was very clear about this. Our economy is a centralized and unified economy, but there is decentralization. Planning is a process that is closely related to the expansion of the production forces, industrialization, and the reorganization of the economy. Basically, our economy is still a small-scale production economy. Controlling production and work is the responsibility of the production and business organizations, not the ministries. Changing functions means changing powers, interests, thinking, and habits. Thus, this collides with the old apparatus, from the ministers and heads of the departments to the specialists and accountants who enjoy powers and benefits. Whenever something harms the interests of the people, there is a reaction.

On the other hand, there is a tendency to veer away from socialist economic laws. Our economy is in the initial stage of the transitional period. The fundamental laws of socialism have not yet fully manifested their effect. However, a socialist economy differs in principle from a capitalist economy. It does not have just one fundamental law. Rather, there is a body of laws that operate together. The law of value and the law of supply and demand are laws in the socialist economy. These will disappear only when we reach communism. After there is public ownership of the means of production, a correct and dynamic management mechanism must be established in order to maintain the superiority of the new form of ownership. As Lenin said, this is the only way to achieve higher labor productivity than in capitalism and small-scale commodity production in order to beat them on the economic and political fronts.

All means of information available in the ideological units must be used actively in the movement to reorganize the production structure and change the

economic management mechanism. Reorganizing production and changing the management mechanism means continuing to carry on the revolution in production relationships in conjunction with the scientific, technical, ideological, and cultural revolutions. We have been talking about reorganizing the central organizations, including the ministries and the departments of the party and mass organizations, for a long time, but so far little has been done. Furthermore, while we continue to talk about reducing the size of the staff, it continues to grow bigger. If the phenomena are separate, then things are easy. But if they are connected, then it is difficult, because they are tied to many factors. Above all, they are related to specific people. Everyone knows that our apparatus is cumbersome from top to bottom. Everyone agrees that it is ineffective and that it must be reorganized. The question is where this is to take place. No one wants this to take place in his agency, sector or locality. A country with a poorly developed economy and a strained financial situation cannot allow its organizations to continue to swell and be ineffective. To solve this problem, everyone must place the interests of the country and revolution above local and personal interests.

Both Le Duc Tho and Nguyen Duc Tam mentioned the general guidelines and tasks and the specific tasks. An important motto of ideological work is "always maintain an active position even in a passive situation." Our party is a heroic party with combat ranks that have been tested and that have good quality. On the other hand, unwholesome phenomena have occurred, and negative aspects have appeared in appointing people to the leadership organizations. Many comrades lack strength and have caused trouble. In carrying on ideological activities, the party organizations must strive to concentrate the intelligence of the various echelon congresses on discussing the tasks and targets of the revolution and strengthening the concept of responsibility and purity of communists in selecting leaders.

I will comment briefly on the 27th Congress of the Communist Party of the Soviet Union. Socialism, which came into existence in the country of Lenin, is now almost 70 years old. The Soviet Union has been through two wars and suffered serious destruction, which has had long-lasting effects. It has been at peace for less than 50 years. That is a very short time for a social system. The feudal period lasted for thousands of years. And capitalism has been in existence for several hundred years. Those systems stole the property of the people and exploited the laborers. The example set by the Soviet Union proves the superiority of socialism.

The Soviet Union was poor and backward. But it has now turned itself into the No 1 power in the world. It has great economic potential with fixed production assets of 15 trillion rubles. The successes of socialist industrialization and the GOELRO (electrification) plan pointed out by Lenin are great victories of the Soviet people, who have undergone great hardships, tightened their belts, and lived frugally, which has included limiting their ordinary needs. Although the Soviet Union was behind the capitalist countries in the first and second scientific and technical revolutions, because of the superiority of socialism, it has made great strides in this sphere and caught up with, and in some cases even surpassed, capitalism. The Soviet Union, with one-fourth of the world's scientists, has more scientists than any other country in the world. The Soviet Union surpasses the United States with respect to 50 types of strategic

products, including petroleum, iron, steel, fertilizer, minerals, and cement. However, labor productivity in industry and agriculture is lower than in the United States. The Communist Party of the Soviet Union, like almost all the other fraternal parties in the countries where the working class holds power, recently realized that its understanding of Marxism has been too simple. There is dogma and a tendency to rush and skip stages. General Secretary Gorbachev concluded that "moving from socialism to communism is determined by objective laws concerning social development. Efforts to move ahead too soon and apply the principles of communism without considering whether the time is ripe concerning materials and the spirit of society are, as experience has shown, doomed to defeat. But at the same time, we cannot move too slowly in making needed reforms and carrying out the new tasks."

From 1920 until he died, Lenin frequently criticized people for being impatient and wanting to advance straight to communism and omit the transitional stage. There are two ideas concerning the transitional periods in the two different historical stages. There is the transition from capitalism to socialism and the period from the establishment of the dictatorship of the proletariat to when socialism has been perfected. Now, a new question has arisen: At a time when socialism and capitalism exist side by side in the world and are engaged in a desperate struggle against each other and at a time when imperialism is still strong and the threat of war hangs over mankind, can countries enter the highest stage of communism? Lenin explained the two stages of communism. However, the situation then was different than it is today. After that, Stalin tried to explain Marxism, but many of his ideas conflicted with each other. Khrushchev, with his voluntarism, manifested a simplified, one-sided centralism. He was impatient and wanted to move into the second stage in this century. As a consequence, he did much damage in many spheres and made mistakes on both the domestic and foreign fronts, causing great disorder. It can be said that after Lenin, the person who has provided the most penetrating explanation of Marxism has been Andropov. After looking at all the different processes of socialism that had taken place in the Soviet Union and the world since 1917 and reviewing the achievements, difficulties, and mistakes, he relied on the objective and subjective conditions to provide an explanation having a scientific and practical basis. During the 1970s, activities concerning social science and theory were very vigorous in the Soviet Union and the standards concerning a socialist society that was ready in terms of the production forces and superstructure led to a change in direction. Unfortunately, Andropov died shortly afterwards and things came to a standstill. Then in March 1985, Gorbachev was elected general secretary. And at the plenum of the Central Committee of the Communist Party of the Soviet Union held in April 1985, he initiated that historical change in direction. Today, viewpoints concerning socialism are more realistic. The Program of the Communist Party of the Soviet Union that was adopted at the 27th Congress is a new high point in the development of theory concerning scientific socialism. It affirms that moving from the lower stage to the higher stage of communism is a long-term historical process. Based on its experiences, the Soviet Union has concluded that no specific time limit should be placed on when one stage is to be completed and the next stage is to begin. Thus, Gorbachev has emphasized action: work, work, and more work. However, quick action is required when the new stage begins. Otherwise, things will be backward as compared with practice. The program of the Soviet Union is an integrated and

synchronized program that stresses the human factor. It upholds the slogan "everything for the people; everything for the happiness of the people." The party and state have strengthened social policy and respect for the principle of social justice and are very concerned about morals, quality, and the way of life. Based on this spirit and because of having a correct line and correct mechanism, in less than a year Gorbachev has aroused the enthusiasm and creativity of more than 100 million Soviet citizens (people of working age). Recently, 19 million party members and 110 million Soviet workers participated in discussing the congress proceedings. Six million people expressed opinions on the program revision, and 2 million people contributed ideas to the draft of the revised statutes. It can be said that all of Soviet society is participating in deciding the country's economic and social development programs, lines, and guidelines for the remainder of this century.

The reform of the mechanisms in the Soviet Union is a product of the ripe material and spiritual conditions. This has the enthusiastic support of the cadres, party members, and masses. The conservative influences are being driven back. Leaders and central figures have appeared at the right time and are playing a role in pushing the revolution forward in accord with the Marxist viewpoint that life brings forth heroes and heroes create historical changes. The Soviet Union is a scientific and technical power. But with the old mechanisms, some fronts, such as agriculture and light industry, have been slow and backward in applying science and technology. For the first time since the October Revolution, the Soviet Union has elevated a viewpoint that is contrary to the theoretical concepts that we have held for so long. That viewpoint is that "under socialism, there is still a conflict between the production forces and production relationships." Soviet practices have proven that after the production forces have expanded and the standards of the people have improved, if the economic structure and management mechanisms do not change, they will restrict things, create restraints, and lead to inactivity. This is a conflict that must be resolved. These conflicts are basically different from those in the social systems in which people exploit people. This is a struggle between progress and backwardness and between activity-creativity and slowness-conservatism. An important weapon in this struggle is criticism and self-criticism. Honest and constructive criticism and self-criticism was made all during the various echelon congresses and the all-party congress.

The Communist Party of the Soviet Union has accumulated much valuable experience, learned from mistakes, and overcome difficulties. Thus, it has much experience and has become more mature in solving domestic and foreign problems. Even though delegations from fraternal parties in countries such as Japan, Italy, France, and Spain still disagree with the Communist Party of the Soviet Union on certain matters, they all expressed satisfaction with this congress and were delighted with Gorbachev's statement that "socialist revolutions share many principles in common. But each revolution in each country has specific problems, and the communist parties in those countries must solve those problems by themselves."

The fact that the Soviet Union has corrected its mistakes and overcome the shortcomings and is advancing with a new and impressive economic and social program and a nuclear disarmament plan is very welcome news for the world

revolution. The key to this is solidarity and cooperation among the revolutionary forces, communist parties, and international workers. The correct attitude for us is to examine the experiences of the Soviet Union and study the questions posed and answered by the Soviet Union. Because that is an accomplishment of the world revolution. However, we can't simply copy the Soviet Union, because the specific conditions and circumstances are different in each country.

Let's return for a moment to the situation in our country. We have affirmed that the party's ranks of ideological workers must have a correct attitude. When President Ho went to France in the summer of 1946, he instructed Huynh Thuc Khang that "what is unchanging supports change." We must use what does not change to deal with change. That is a truth. There has never been a time when we have had so many experienced and capable cadres as today. Why, then, are people worried that we do not have people to lead the country forward? Recently, we made mistakes concerning prices, wages and currency. But we can correct the mistakes. Even if it is difficult to correct these mistakes, they can be corrected. Some worries are legitimate. But being confused and doubtful is a mistake. Our people are very good and very heroic. Our revolution is strong. Our nation is moving forward. If we are weak and confused, the Chinese expansionists and hegemonists will attack us. When that happens, we certainly won't be able to continue sitting here talking. During each stage of the journey, facing the challenges, the vanguard ranks must be strong politically and fully alert to possible mistakes. They must not be concerned about fame or wealth. Instead, they must have a clear communist conscience. If the entire party and all the people are strong and we share a common will and act as one, we will be able to correct the mistakes and advance our revolution.

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ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

SLOWNESS OF COMMERCIAL REFORM IN DONG THAP DISCUSSED

Hanoi NHAN DAN in Vietnamese 23 Aug 86 pp 2, 4

[Article by Nguyen The Hung, Dong Thap: "One Reason for the Slowness in the Reform of Private Commerce in Dong Thap"]

[Text] In reforming private industry and commerce during the past period, Dong Thap Province has greatly reduced the number of households that sell pork and beef. A number of these households were selected to work on contract for the state-operated bases. The rest were transferred to production. The food and beverage sector consists of 322 large and medium-sized households (with A and B type commercial licenses) and more than 1,000 laborers. Among these are excellent technical workers capable of preparing high-quality dishes who are now involved in cooperative business with the state (both sides have invested money and they share the profits and losses). The service sector consists of 326 households that make clothes, operate barbershops and beauty parlors, rent out wedding articles, and repair watches, bicycles, and motorcycles. They have been arranged according to sectors as organized and managed by the state-operated commercial units and marketing cooperatives. The markets have been reorganized, and private individuals are no longer allowed to make bids. The markets in the province have management boards that are responsible for administrative and business management. What is new is that at the markets in the province, socialist commercial organizations have taken over the sites and essential goods in order to make things more convenient for the consumers. The large markets managed by the districts and cities have mobilized and organized private individuals to invest in building stalls along with investing in state construction. They have eliminated street hawkers and made the markets more attractive and civilized. In short, in reforming private commerce, Dong Thap has gradually involved private traders in socialist business enterprise.

However, the initial results mentioned above have not been followed up quickly. What is the reason for this? At the markets in Dong Thap, there are times and places where private commerce is still in control! There are many reasons for this, but one of the principal reasons is that socialist commerce has not manifested an activist and guiding role, and the authorities at the district, village, and subward levels manage things loosely. At times and places, socialist commerce functions like a merchant, running after profits, arbitrarily withholding goods from the market and raising prices, and so on. Many cadres and employees even help dishonest merchants steal state goods, and

they save the best goods for their friends. For example, the Thach Hung District commercial corporation used employees and capital of the corporation to purchase agricultural products and then prepared fake bills of loading in order to transport the goods to Ho Chi Minh City and sell them for a 10 percent profit.

In reforming private commerce, the Dong Thap state-operated commercial installations have not played a real role in organizing and managing things. In Cao Lanh City, after organizing cooperative businesses, the amount of goods bought and sold was not controlled. When this was discovered by the people, the agency responsible controlled five households selling cloth and two households selling electrical machinery. The goods were valued at several hundred thousand dong. They had not paid any taxes for many months.

The Dong Thap Provincial People's Council has implemented measures to correct the above discrepancies. But many districts, subwards, and villages continue to allow such things to happen. For example, after eliminating the tax stations and organizing things to collect taxes at the source, many of the places in the province that transferred merchants to production are now closing their eyes to the fact that many of these people are returning to their former occupations and engaging in illegal activities. In Hong Ngu district, pork traders go to villages and purchase hogs at prices above the purchase price set by the state. Besides that, they give an additional 10 dong per hog to the seller and "voluntarily" give the village 20 dong for each hog purchased. In return, the village people's committee allows them to purchase hogs there. In 1986, the purchasing norm of Hong Ngu District is 1,400 tons of pork live weight. Of this, 800 tons is to be turned over to the province so that the province can fulfill its obligation to the central echelon, and 600 tons is to be used by the district to establish a commodity exchange fund. But during the first 6 months of the year, Hong Ngu District delivered only 60 tons to the province. Because of the competition from merchants, other districts have encountered similar difficulties and fulfilled only about 10 percent of their obligation to the province. Thus, as of the end of June, Dong Thap Province had delivered only 300 of the 2,500 tons of pork, live weight, that it was supposed to deliver to the central echelon based on the planned norm. Illegal slaughtering and failure to pay the slaughtering tax are rather widespread. Some villages in Thach Hung District allow people to pay the slaughtering tax in pork so that the village can use the pork to receive guests! Tan Phu Dong Village, Sa Dec City, has many hogs. Each year it supplies the city with more than 200 tons of pork. But the amount collected in slaughtering taxes is very small as compared with the amount of pork sold.

The tax stations were eliminated, but there is no control at the source. Making use of this loophole, many units are using state means of transportation to transport smuggled goods to merchants. During May 1986, the Dong Thap 3, a ship operated by the River Transport Corporation and piloted by Cpt Huynh Ngoc Thao, transported a shipment of smuggled goods to Ho Chi Minh City. Among the goods were 3 tons of urea fertilizer, 2.4 tons of uncooked rice, and 4.9 tons of rice.

The tax stations have been eliminated. Instead, the taxes are now collected at the source. Many localities in the province have given tickets to the village

finance cadres to have them collect the taxes at the sources. But many times, the village finance cadres don't collect the full amount of tax because the people from whom they are supposed to collect the tax are relatives or friends. Thanh Binh District is an exception. During May and June 1986, it achieved good results in collecting taxes at the source. In almost all of the other districts and cities in the province, the collection of industrial and commercial taxes during May and June dropped 80-85 percent as compared with the amount collected during March and April. At the same time, private business increased greatly because of rising prices. That is a huge loss for the budget.

The tax stations were done away with in order to facilitate commodity circulation and keep from inconveniencing the people when traveling. Thanh Binh District's initial experiences show that to do a good job in collecting taxes at the source, control and supervision must be strengthened from the primary level, and the committee echelons and local authorities must guide things closely. At the same time, conditions must be created to enable socialist commerce to take control of the markets.

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LIGHT INDUSTRY

VIETNAM

PRODUCTION RELATIONSHIPS IN SMALL INDUSTRY, HANDICRAFTS

Hanoi NHAN DAN in Vietnamese 23 Aug 86 pp 1, 4

[Editorial: "Solidify and Perfect the New Production Relationships in Small Industry and Handicrafts"]

[Text] About 75 percent of the country's handicraft workers are involved in suitable forms of collective production based on the principles of voluntariness, mutual profit, and democratic management. There are 1,116 small industry and handicraft cooperatives with almost 517,000 cooperative members. There are 9,560 production cooperation teams with 182,000 members. This does not include the manual laborers working in the agricultural cooperatives who have been organized into occupational units.

Small industry and handicrafts produces more than half of the consumer goods produced domestically and accounts for about 20 percent of the value of export goods. It also produces a notable percentage of the production materials for agriculture, forestry, and pisciculture. The new production relationships in this collective production sector have been solidified somewhat. In many sectors, the lives of the team and cooperative members have gradually been stabilized.

But today, after many years of socialist transformation, the new production relationships in the small industry and handicrafts cooperatives and cooperation teams have not been strengthened steadily. In some cases, they have even grown weaker. They do not really play a guiding role in industrial production along with state-operated industry.

The material and technical base of the above collective economic sector is still poor, and management is weak. These shortcomings, added to the difficulties concerning materials, raw materials, and energy and the policy problems, have kept the labor productivity, product quality, and economic effect of small industry and handicrafts low. The laborers are still encountering many problems in their lives. Because of loose management, a number of production installations engage in corruption, produce poor-quality and bogus goods, sell products illegally, and fail to carry out the state's policies and laws well.

Continuing to promote socialist transformation and solidify and perfect the new production relationships with respect to small industry and handicrafts based on strengthening the forces of state-operated industry is an urgent task. This is a task that must be carried on regularly and continuously throughout the transition to socialism using suitable forms. Improving the old production relationships and building new production relationships in small industry and handicrafts is a unified matter. These two things cannot be separated. This is also a process that cannot be rushed. Reform must be coordinated with construction, with construction being primary. New production relationships must be built on three fronts: the ownership system, the distribution system, and the management system.

As for the small industry and handicrafts collective economic units, the important thing is to provide socialist education, manifest the spirit of collective ownership and enthusiasm of the cooperative members in productive labor, fulfill the tax obligations to the state and sell products to the state economic units based on the economic contracts, organize material and cultural life, raise the occupational standards of the cooperative members, and struggle against negative phenomena in production and business. The production cooperation teams must be controlled and classified in order to determine suitable forms of expansion with the aim of constantly solidifying the new production relationships at these production installations. At the same time, those production teams that have disguised themselves as collective units in order to carry on illegal operations must be resolutely suppressed.

An important guideline in carrying on socialist transformation and building new production relationships in the small industry and handicrafts sector is to strengthen socialist forces, enable state-operated industries and small industry and handicrafts cooperatives to play a guiding role in industry, strengthen the material and technical base, change the management mechanism based on economic accounting and socialist business, and forge links within the state and collective economies and between the state and collective economies and the family and individual economies in small industry and handicraft production.

Continuing to transform socialism and solidify and perfect the new production relationships in small industry and handicrafts will contribute greatly to stabilizing and expanding production, drawing many more laborers into production, and enabling the socialist economy to play a guiding role in the national economy.

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LABOR

VIETNAM

URBAN UNEMPLOYMENT, JOB CREATION DISCUSSED

Hanoi NHAN DAN in Vietnamese 23 Aug 86 p 3

[Article by Nguyen Le Minh, Ministry of Labor: "Providing Jobs in the Cities"]

[Text] Today, about 20 percent of the country's population lives in cities. That figure is low as compared with the figures for 12 other Asian-Pacific countries. But just as in these other countries, providing jobs for those who live in the cities is an urgent problem. According to the most recent statistics, in the developing countries, the number of unemployed and underemployed accounts for one-third to one-half of the labor force. In the cities, the figure is 25 percent. But it is much higher among those 15-24 years old. In our country, during the period 1981-1985, approximately 7 million people became of work age and about one-third of those live in the cities. The point worth noting is that 80-85 percent of these youths do not have jobs. For the period 1986-1990, it is predicted that the cities will have to find jobs for approximately 1.5 million people, an average of 300,000 jobs a year. Ho Chi Minh City, Hanoi, and Haiphong alone will have to find jobs for 150,000 people a year.

Using conservative estimates, during the next 20 years, with our rather slow rate of industrialization, the urban population of our country will not exceed 30 percent of the total population. But even so, providing jobs for these people will still pose a major problem.

We have made a great effort to provide jobs for people in general and for urban dwellers in particular. During the past 5 years, the cities put more than 1 million people into the productive labor sector and contributed actively to expanding the economy and solidifying social safety. Ho Chi Minh City, Haiphong, Hung Yen, and Hoi An have set good examples in providing jobs.

If we view our experiences against a background of the successes and failures in this sphere of a number of third-world countries, it can be seen that we all share many things in common. There are many reasons for the pressures concerning jobs. However, one striking thing is that the per capita amount of arable land has declined while the population has increased quickly (in the cities, besides the natural increase, there has also been a rather great

mechanical increase). The educational and occupational guidance systems cannot keep pace (this is very pronounced in the cities), and there is not enough foreign currency to purchase equipment and raw materials to support production. Many theoretical or practical control researchers have called for a more current view toward "jobs" and the "employed." Naturally, that view can vary depending on the country, or it must be altered and supplemented based on each country's stage of development. But the striking thing is that in the view of youths in many countries, you have a "job" if you work in an enterprise or in a state or private organization and are paid a stable salary. At the end of last year, the Council of Labor Ministers from the Pacific Countries acknowledged that it is very difficult to determine the exact number of unemployed because the views on this problem are so different.

We are in the same situation. Many localities still regard recruiting soldiers and enrolling students as providing jobs. As a result, it seems that job placement was increased greatly. Conversely, there are socially useful activities that produce material assets that are not regarded as jobs and that do not show up in the statistics. Because of this, the number of employed is artificially lowered. The practices of many countries, including both developed countries and Third World countries, show that in society, in addition to the unemployed who want work (involuntary unemployment), there are people who are capable of working but who, for one reason or another, have chosen not to work. For example, they have inherited money or relatives living abroad send them money.

Some of the directions in which many developing countries are moving in order to create jobs in the cities are small industry and handicrafts, services, the family economy, industries to produce agricultural raw materials outside the city, agriculture of an industrial nature (industrial chicken rearing and growing flowers and dwarf trees for export). Millions of people in the industrialized countries are engaged in the export of industrial products to the Third World. It's the turn of the Third World countries to regard the export of processed (agricultural) products and the production of machined goods (take raw materials, deliver finished products) as the best method for providing jobs and improving the standard of living. Modern sectors usually attract few laborers because they require large investments and the cost of a work place is very high. In Indonesia, for example, on the average each work place in industry costs \$5,000. In Vietnam, during the construction of some projects, the cost of each work place is 80,000 dong. And by the time the project is completed, the cost has risen to 300,000 dong.

In the situation in which the labor supply is very large, we fully realize that the scientific and technical revolution is the key. We understand that suitable investments must be made in the advanced sectors and that we must resolutely increase productivity and product quality and make an effort to compete in world markets. But on the other hand, much attention must be given to processing intermediate technical solutions to ensure that the investment capital in each unit attracts the maximum number of laborers. We must study labor-intensive production methods and apply them effectively.

It must be remembered that in a country, just as in a locality, the scientific and technical achievements cannot be applied mechanically, because there are

differences concerning the number of laborers and their quality and concerning the ability to accumulate. We have had experience in sending machinery to agricultural cooperatives. But because of a lack of synchronization on many fronts (training people to use the equipment, repairing the machinery, and supplying spare parts), in just a short period of time we paid for that haste. A similar thing happened in Sri Lanka. During the period 1964-1969, Sri Lanka imported 600,000 (as published) large tractors and 3,500 small tractors. But it was not long before half of them broke down.

There has been much news about the significance and role of small industry and handicrafts in the national economy. Here, we would like to emphasize that to expand small industry and handicrafts in order to attract additional laborers and provide jobs, the leading problem is to devise a strategy to provide raw materials and materials. In this, applying the scientific and technical advances in order to produce sources of raw materials for production is of great importance. This can help improve techniques in order to make full use of the sources of raw materials and retrieve or put to use existing items that people have never been able to use. This may also suggest ways to create many types of new materials to replace those that must be purchased from abroad. Recently, a striking example occurred in Subward 24 in Tan Binh Ward, Ho Chi Minh City. This subward mobilized cadres and technical workers living in the locality to put forth many topics to produce raw materials for production, for example, preparing tannin from mangrove bark in order to provide more jobs in the hide sector, making roofs from clay and bark, and reviving the lacquer, fish sauce, and resin pressing occupations. As a result, in just a short period of time, almost 4,000 people were provided with jobs.

Production capabilities and technical standards must be raised for the small industry and handicrafts sector in two ways. First, full use must be made of the machinery discarded by large enterprises. (In Japan, at the beginning of the 1960's, the small industry and handicrafts enterprises expanded greatly, particularly those types employing five to nine workers. This was possible because they knew how to use these types, with the value exceeding 40 percent of fixed investment capital.) Second, conditions must be created to enable the manual laborers to have contact with world markets and experiences. They must be able to buy modern machinery and equipment. In Hungary, the national manual workers organization (KIOSZ) has established a manual production fund in each ward and district using the contributions of the workers and state support funds. For example, loans are made on favorable terms. In 1984, approximately 1,400 manual workers spent 108 million forint to purchase advanced production machinery and tools. As a result, Hungarian small industry and handicrafts took a significant step forward.

The statistical data on a number of cities in developing countries show that during the past 10-20 years, along with small industry and handicrafts, the service sector has attracted many laborers. At times, it has created even more work places than industry (viewpoints on specific services in our country need to be discussed further).

In exploiting the job sources in the cities, much attention must be given to occupational training and popularization. Reality shows that the majority of unemployed laborers in the cities lack skills (the percentage for the entire

country is 80 percent; in Ho Chi Minh City it is 93.5 percent). But once they have skills, more than 80 percent can find useful work in society. After 2 years, Le Chan Ward in Haiphong trained approximately 3,500 people, and almost all of them have jobs, including using their knowledge to engage in family economic activities. At the 14 primary-level general schools in the ward, the female students studied embroidery. By the end of the summer, they had a skill. This takes on great importance if we remember that in the countries that belong to the Council for Mutual Economic Assistance, only 10 percent of the unskilled youths enter social production. But in our country, the figure is 40 percent.

Various forms of work must be used widely (at home work, part time work, holding more than one job at the same time). Such forms are very suitable for women who want to coordinate social activities with their home life, for students who want to earn extra money while attending school or improving their occupational skills, and for older people who want to enjoy the transitional period between work and retirement.

The time has come to establish an organization (temporarily called an office) in the major cities to introduce jobs, operate in accord with the economic accounting system, and serve as a link between labor supply and demand.

In summary, it can be concluded that the basic direction in the national policy on creating jobs in general and creating jobs in the cities in particular is to stimulate and expand production in every sector of the economy, eliminate the separation between the various forms of work, and point out short- and long-term work programs, especially urgent programs. At the same time, this must be coordinated closely with measures in the family planning sphere, and the flow of people between the rural areas and cities must be adjusted rationally.

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